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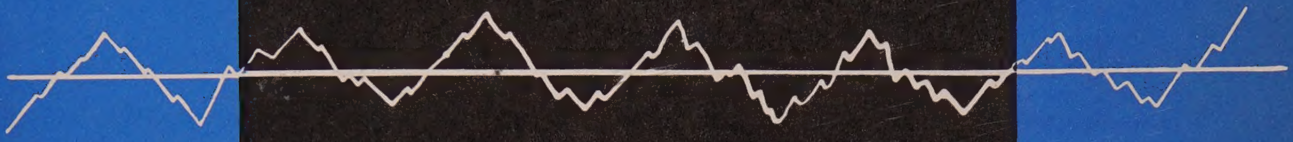

February 1958

FOUNDATION FOR THE STUDY OF CYCLES
New York, New York

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CYCLES FEBRUARY 1958 VOLUME IX NUMBER 2

THE OFFICIAL BULLETIN OF THE FOUNDATION FOR THE STUDY OF CYCLES

THE DIRECTOR'S LETTER

Dear Member:

WAR!

I wish I could convey to you the seriousness of the present international situation.

The cycles in war are well established. (One of them has been traced back 2,500 years.) The projection of these cycles calls for an important and immediate increase in the number and intensity of international battles.

The facts about cycles in war should be taken into account by all of us; particularly by those who handle our affairs of state and our national defense. It would surprise me if more than a dozen of our planners know about these facts.)

Free Copies of Cycles

Do you know *personally* any of the top brass in congress, or in the defense or state departments, or elsewhere, who would profit by copies of *Cycles*? If so, and if you will send the copies under cover of a personal letter, we will be glad to send you extra copies for the purpose, gratis. Just write on a postal card, 'Send me extra copies of February *CYCLES* for General Jones and Senator Smith (or whoever).' Your extra copies will be sent you by return mail (while they last).

I'd be glad to see copies of the letters you write, if you care to send them to me, too.

War the Way of Life

I don't see how any intelligent person can look at the exhibit I have prepared for you on pages 42 through 55 without realizing that international war is the way of life. It will cease only when all nations subordinate themselves to some super-government, or when some one nation conquers the world. (After that it will be *civil* war!)

It is equally apparent that international war—*war* for short hereafter in this letter—isn't continuous. It comes by fits and starts. The world over, we have lots of war, then hardly any war, then lots of war, then hardly any war, in endless succession. One doesn't need to be convinced that there are *regular* cycles in war to see that we do have this alternation, and that a lull of the sort we have been having is, sooner or later, *inevitably* followed by increased conflict.

When Increased Conflict Will Occur

Just when the next period of increased conflict will come is of course an open question, but no high-powered mathematics are needed to have a pretty good idea of *about* when it will occur. I should think any intelligent 10-year old child could take the chart on pages 54 and 55 and, placing his stubby little fingers at the peaks of 1810, 1830, 1855, 1875, 1900, 1915 and 1940, come up with the idea that the next peak would probably come in the early 1960's, the one after that in the 1980's, and so on.

All this having been settled (with some further refinements provided by the article which follows), what can we as individuals, and we as a nation, do about it?

What Can Individuals Do?

As individuals our rôle is of course self protection. Protection of life and property for ourselves and for our loved ones, in the event that we as a nation are involved. (Can you imagine our *not* being involved?).

In the old A-bomb days protection was relatively simple: get out of the big cities. If this were impossible, the next best idea was to have a well stocked country hide-out to which you could flee, if you were lucky enough to be missed when the big cities were attacked.

The H-bomb has, of course, changed all this. In H-bomb war fall-out will reach country and city alike. I don't think there is *any* protection any more, except perhaps to live in a country not subject to H-bomb attack, or to set up permanent self-sufficient residence under ground! There are however a few ideas that might help, under certain favorable circumstances: Be sure that your Director of Civil Defense has a Geiger counter so that he can tell you when it is safe to come out from your shelter. Better yet, have one of your own. (Mine is on order.) Have enough food and water on hand to last out the waiting period. (Estimates of the length of this period vary. I have seen some estimates as long as several *weeks.*) Be prepared to live without utilities. That is, don't count on heat from an oil furnace powered by an electric motor, water from a well operated by an electric pump, food in a freezer. Don't count on *any* transportation. Don't count on being able to buy *anything* from any store for many years following the first attack. Have lumber on hand to board up shattered windows. In other words, be as nearly self-sufficient as possible. (Most of these ideas are applicable only if you live outside of the big cities.)

As for investments, I should think investments in rural or small-town areas, or in mining companies with proved reserves, or in countries not likely to be bombed, would have the best chance of having some residual value. Metalic gold and/or silver have their merits, too.

What Can The Nation Do?

What can the nation do, in the face of the *inevitable* coming increase in international conflict? In a nut shell: forestall actual conflict if we can. Win it if, in spite of all we can do, it comes.

I have a lot of ideas on this subject, but space limitations prevent my expanding them now. I'll try to share them with you at some later date. In the meantime there is a lot of food for thought in the pages which follow.

* * * *

Assistant Editors Needed

I'd like to renew the appeal I published in January for Assistant Editors to be responsible for various sections of Cycles.

Will you become responsible for filling (over your name) a page a month in regard to cycle in animal abundance? weather? bird abundance? thickness and thinness of tree rings? thickness and thinness of rock strata? disease? fish abundance? human emotions? or any of the dozens of subjects upon which we have material in our library? If so, let me hear from you.

Chapter Activity

I have asked Mr. Dorland to head the New York Chapter of the Foundation. He has agreed to do so, at least for the first while. Dorland has had previous experience along these lines, since he is active in civic and business associations. He is presently serving a three-year term as a Member of the Board of Directors of the New York Board of Trade. Also, he is a Member of the Board of Directors of the Export Managers Club of New York. Dorland is in charge of the New York office of one of our large chemical exporting concerns.

For an account of New York Chapter activities see Page 72.

We should have chapters in Chicago, Los Angeles, San Francisco and other big cities too. If you are willing to organize one, please get in touch with me.

Ever cordially yours,

Edward R. Dewey

Director

research WHAT'S AHEAD FOR WAR?*

A PROJECTION of four rhythmic cycles which have been found to be characteristic of international conflict suggests that both the number and the intensity of international battles are due for an immediate and important increase. The probabilities are that the years 1959 through 1965 will be, world wide, a period of greatly increased strife. See Fig. 1 below, in which the broken line represents the synthesis or combination of the four rhythmic cycles. Note how the broken line soars from present levels,

Extreme Danger Ahead

I have studied the record of international conflict for each of the past 2,556 years. I find that conflict recurs with definite rhythms. Conflict ebbs and flows in *waves* that are spaced with reasonable—and in many instances with dramatic—regularity. I find evidence of this regularity all the way back to 599 B.C. The continuation into the future of the patterns of the past suggests the conclusion stated above. Extreme danger lies immediately ahead.

Back in 1951 I told you that we were due for a lull in international war until the late 1950's. That lull has occurred.

The time has now come to emphasize the probable end of that lull. And to re-examine the facts which justify this statement.

The Index of International Conflict

Let us start at the beginning:

As the result of a study of all available records, Professor Raymond H. Wheeler of the University of Kansas developed an Index of International War. It is based on the number and intensity of all recorded international battles. In this index a minor engagement counts for one, an average engagement counts for two, a major engagement counts for three. The sum of the numbers developed for any one year is the index number for that year. These numbers are charted in Plates 1 through 13 and printed for you on pages 42 through 55 of this issue.

The numerical values of the index are printed for you in the table on page 56.

Professor Wheeler also developed an Index of Civil War. We printed the Civil War Battle Index for you in *Cycles* for February 1951 (Copies are still available at $1 each.) When the International War Index is high the Civil War Index tends to be low, and vice versa.

International Conflict the Rule

The first thing that is clear from Professor Wheeler's index is that international conflict is the rule, not the exception. *Nothing has come into*

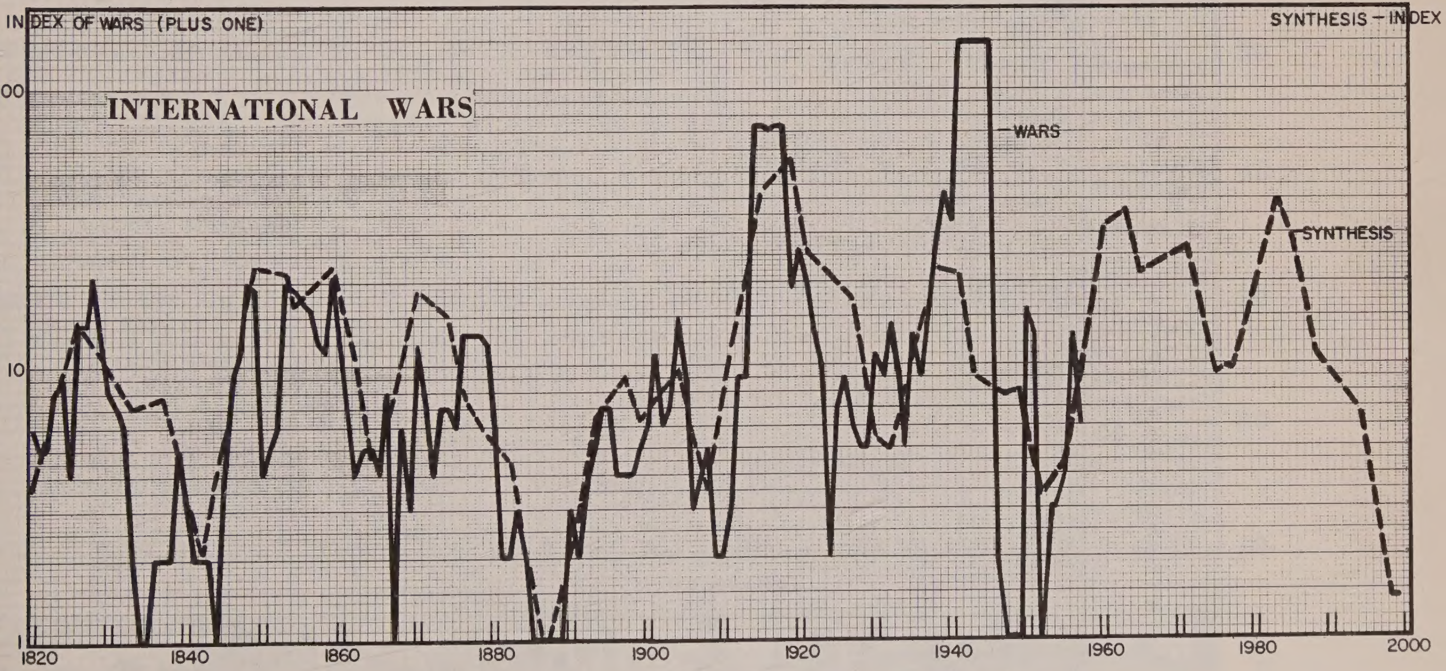

Fig. 1. The Index of International Conflict (plus one), 1820—1857. The broken line shows a synthesis or combination of the 11.2-, 22.14-, 57-, and 142-year cycles, projected to the year 2000. An important increase in the number and intensity of international battles is due in the period 1959—1965.

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*A postscript to chapter 14 of *Cycles—The Science of Prediction,* by E. R. Dewey and E. F. Dakin.

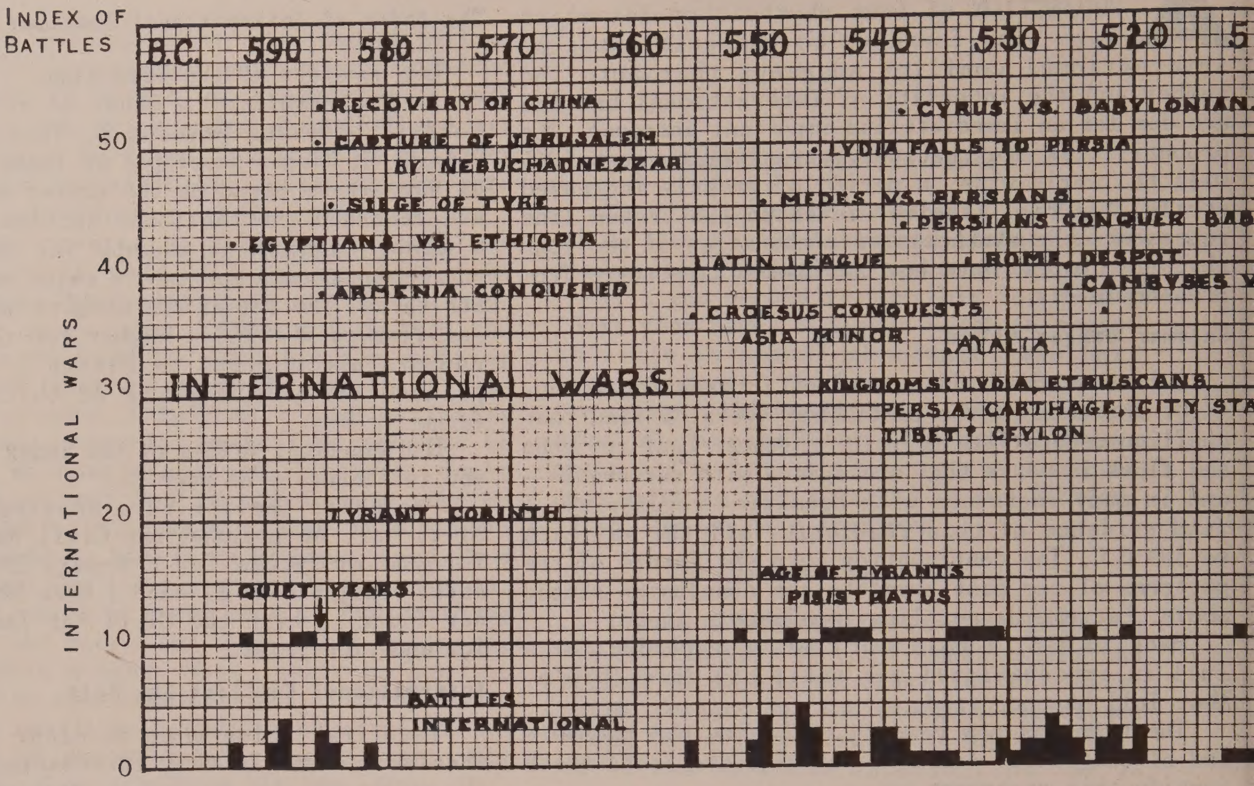

Plate 1, Index of International Battles, 599 B.C. —400 B.C.

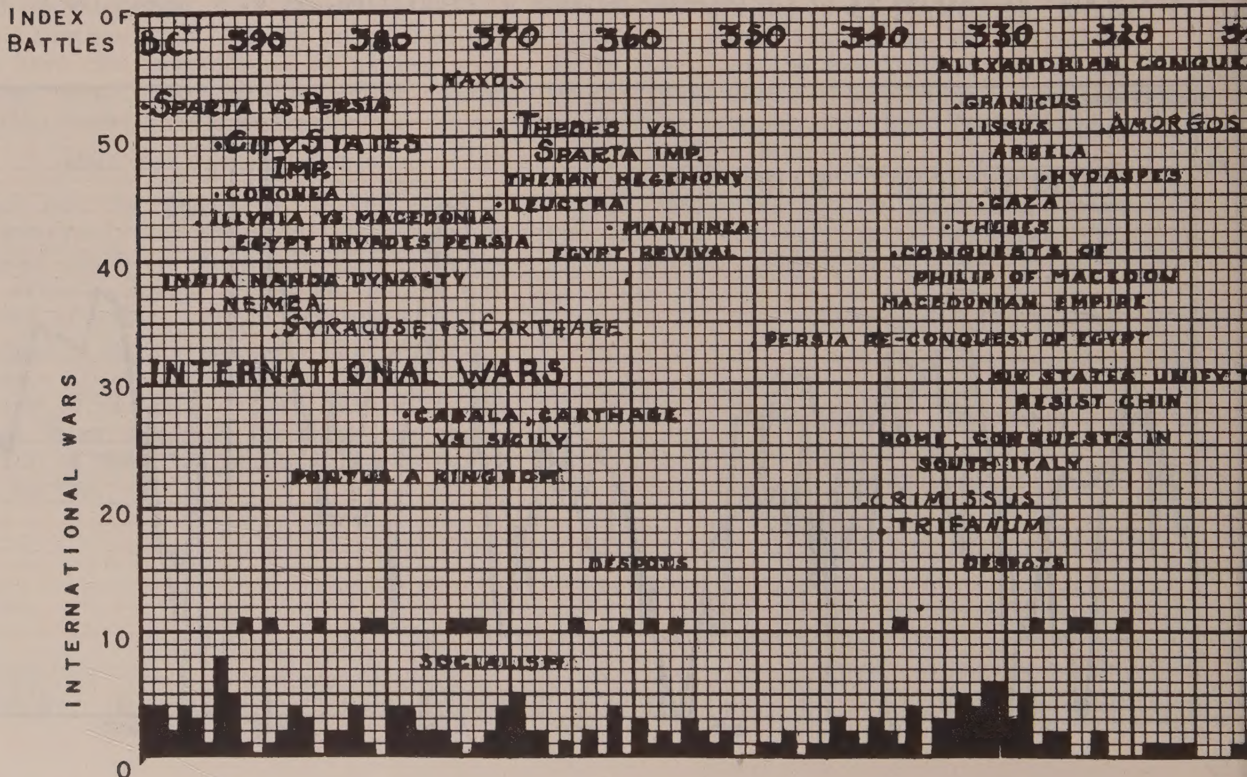

Plate 2, Index of International Battles, 399 B.C. —200 B.C.

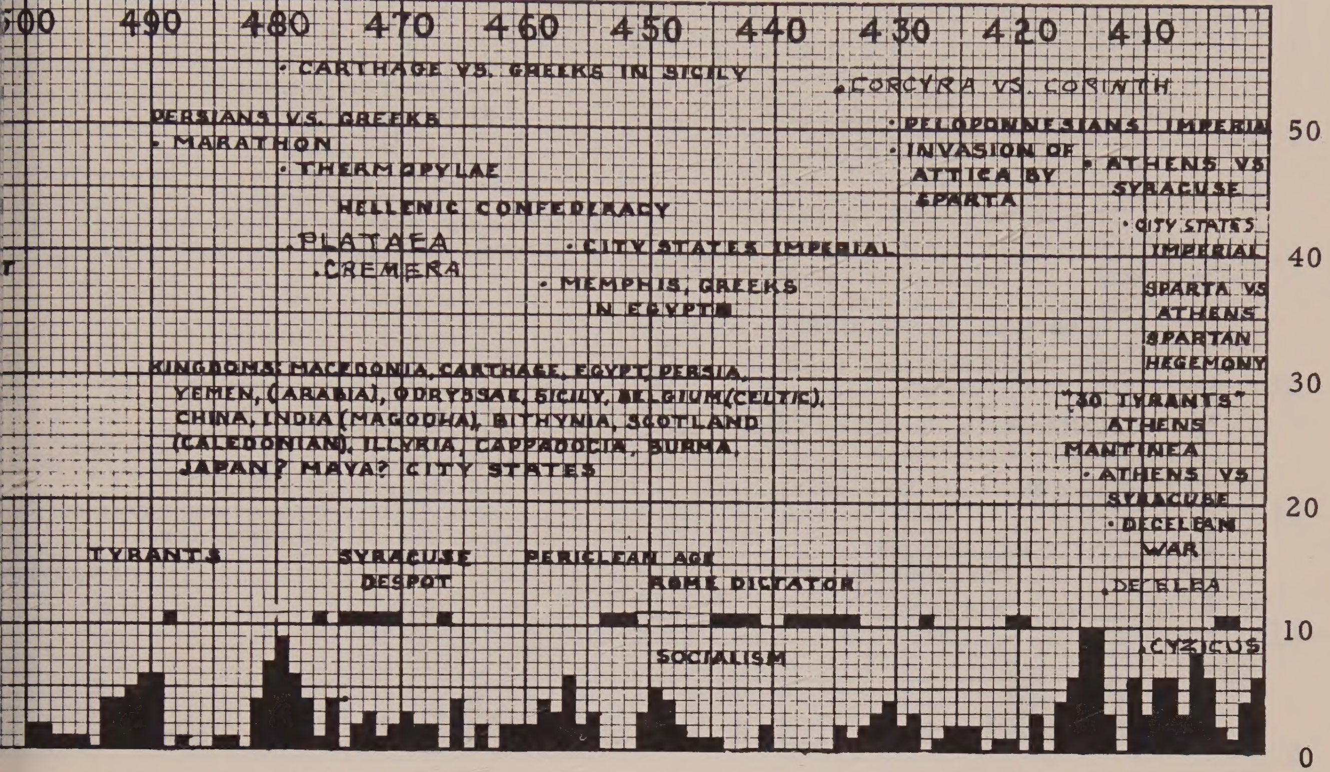

Plate 1—Continued, Index of International Battles, 599 B.C.—400 B.C.

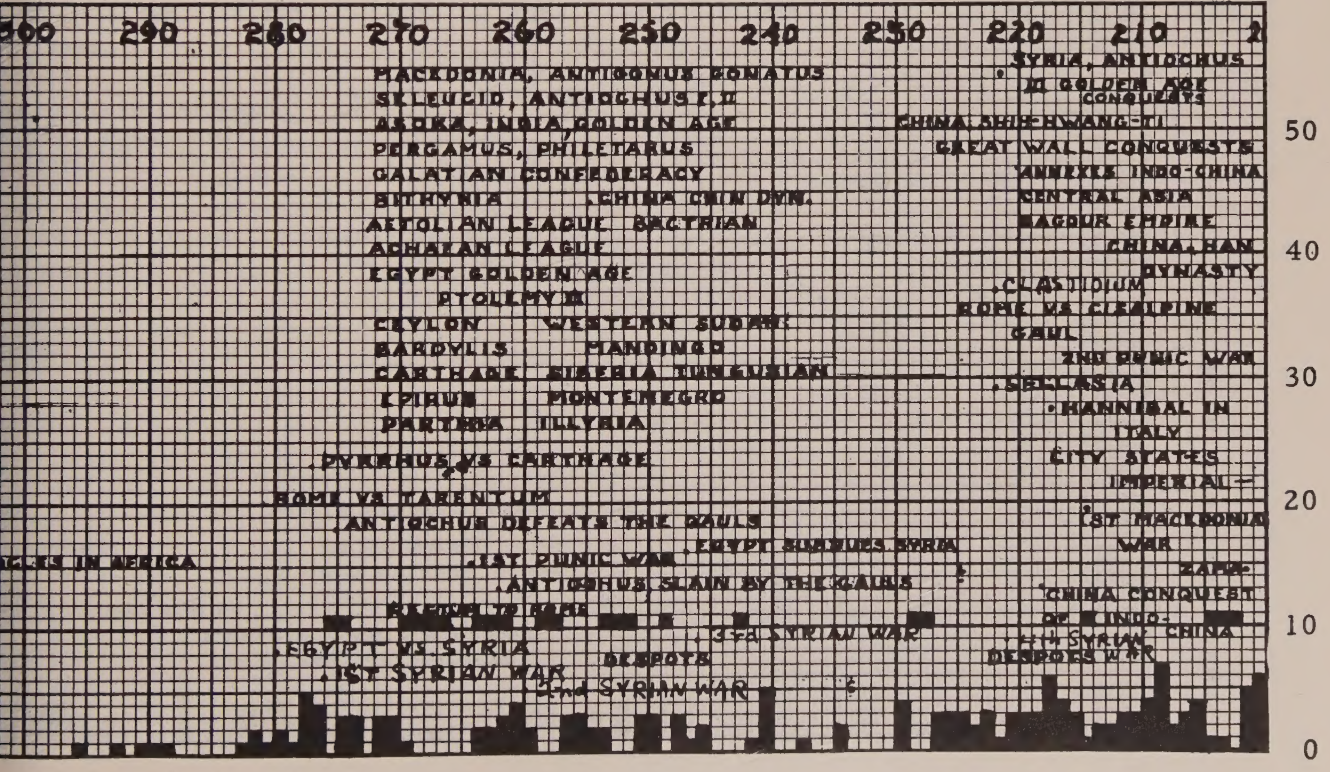

Plate 2—Continued, Index of International Battles, 399 B.C.—200 B.C.

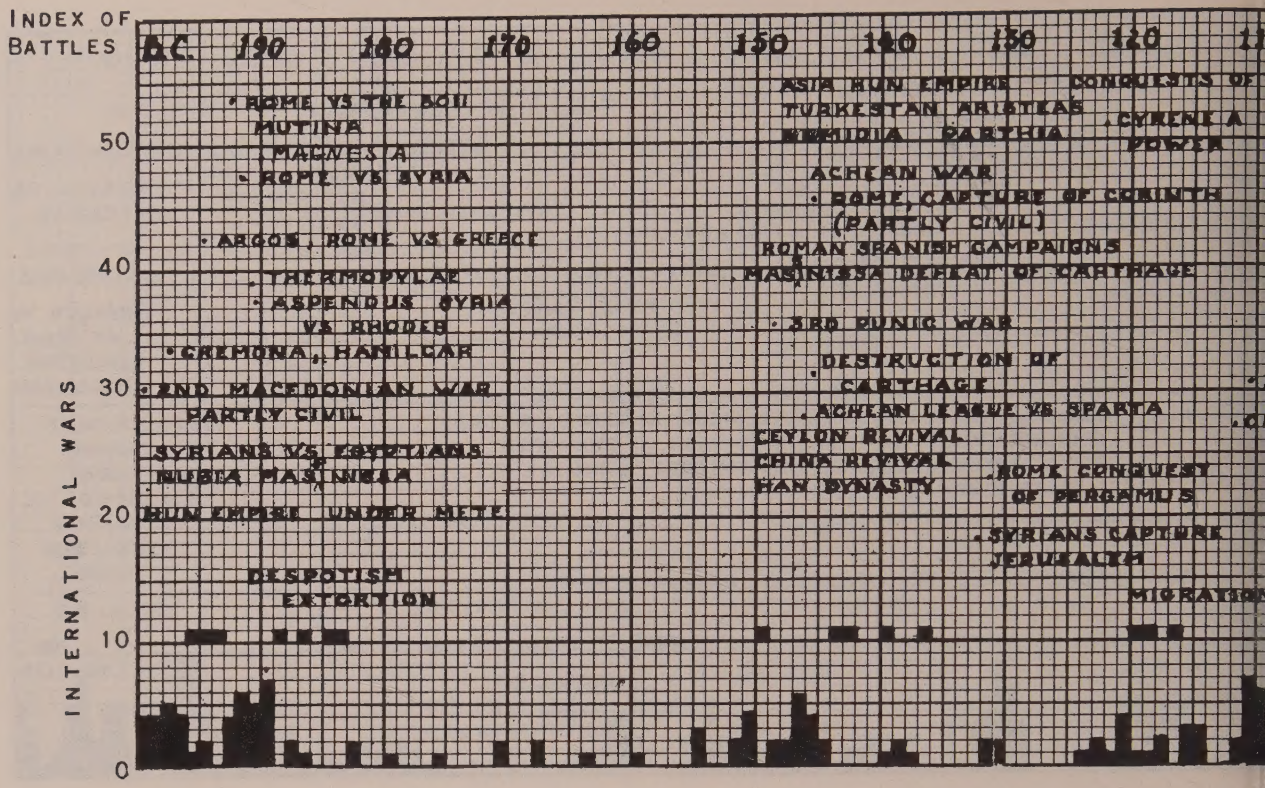

Plate 3, Index of International Battles, 199 B.C.—1 B.C.

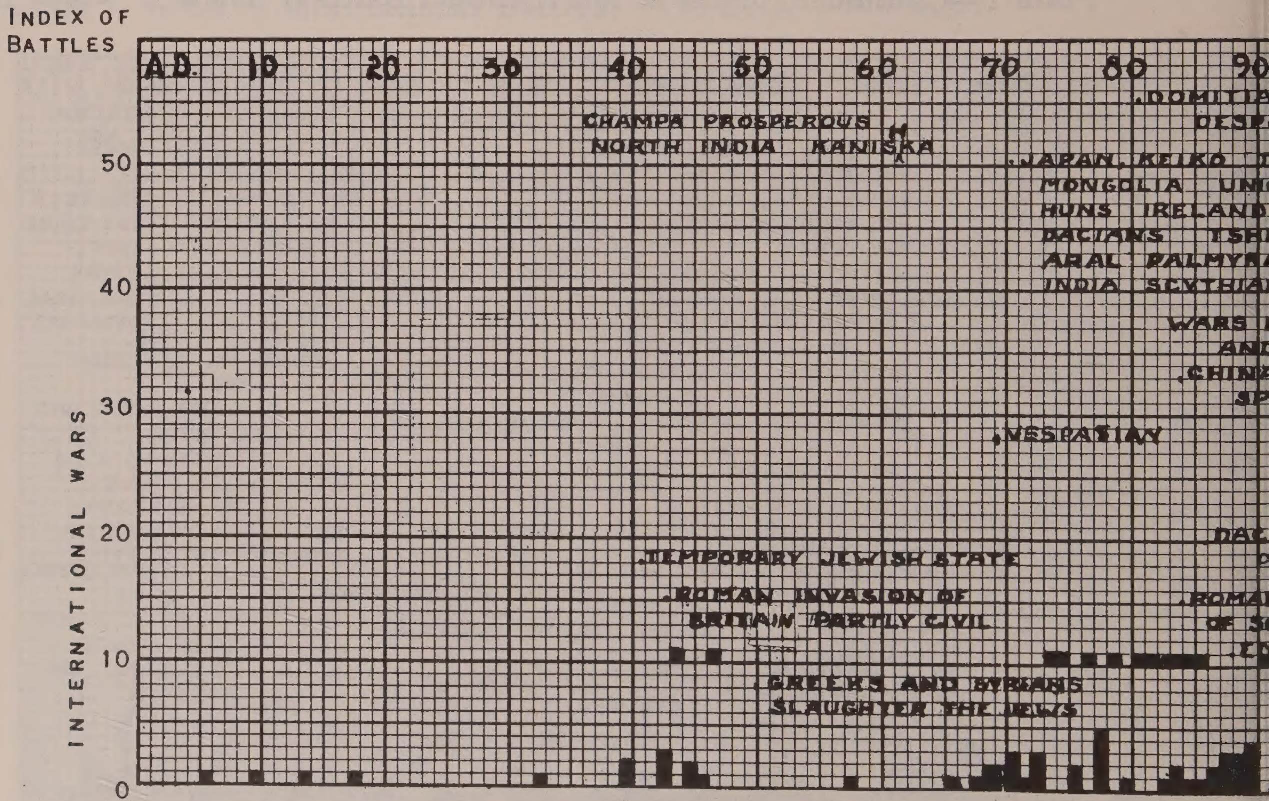

Plate 4, Index of International Battles, A.D. 1—A.D. 200

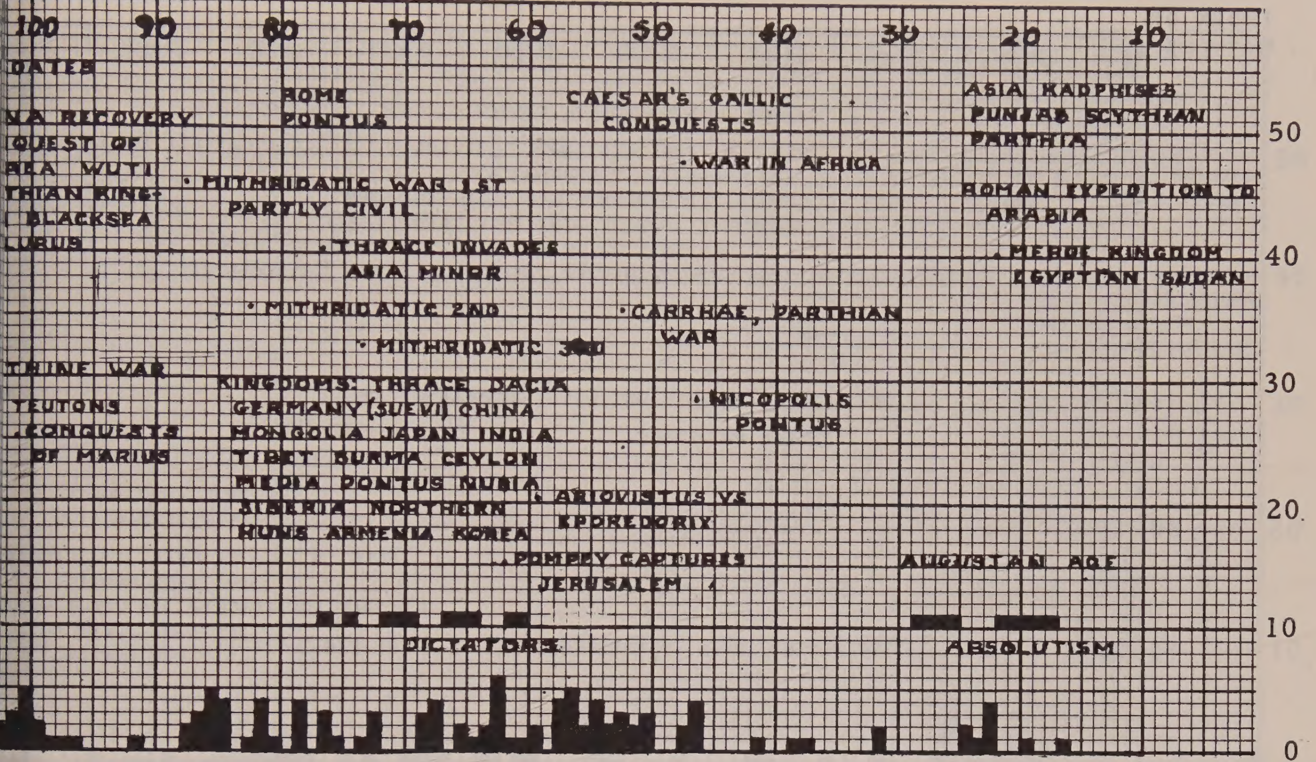

Plate 3--Continued, Index of International Battles, 199 B.C.--1 B.C.

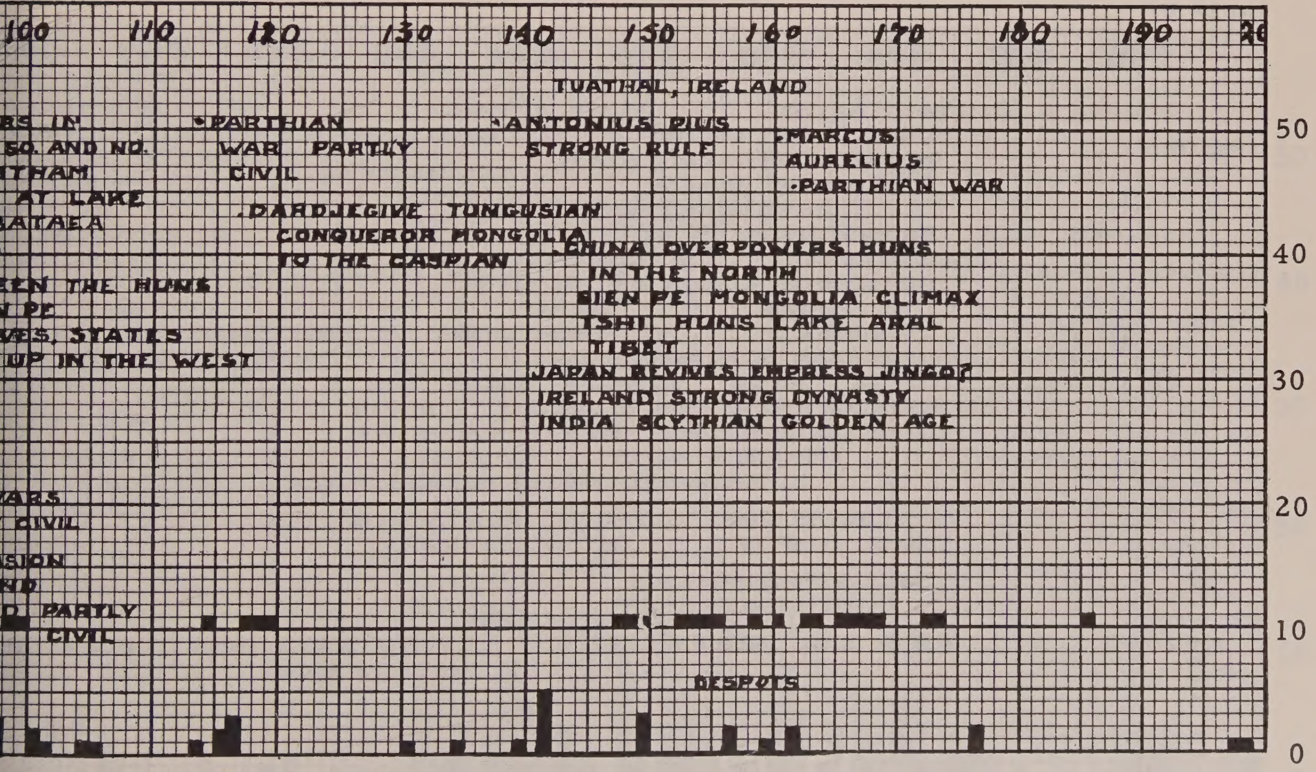

Plate 4--Continued, Index of International Battles, A.D. 1--A.D. 200

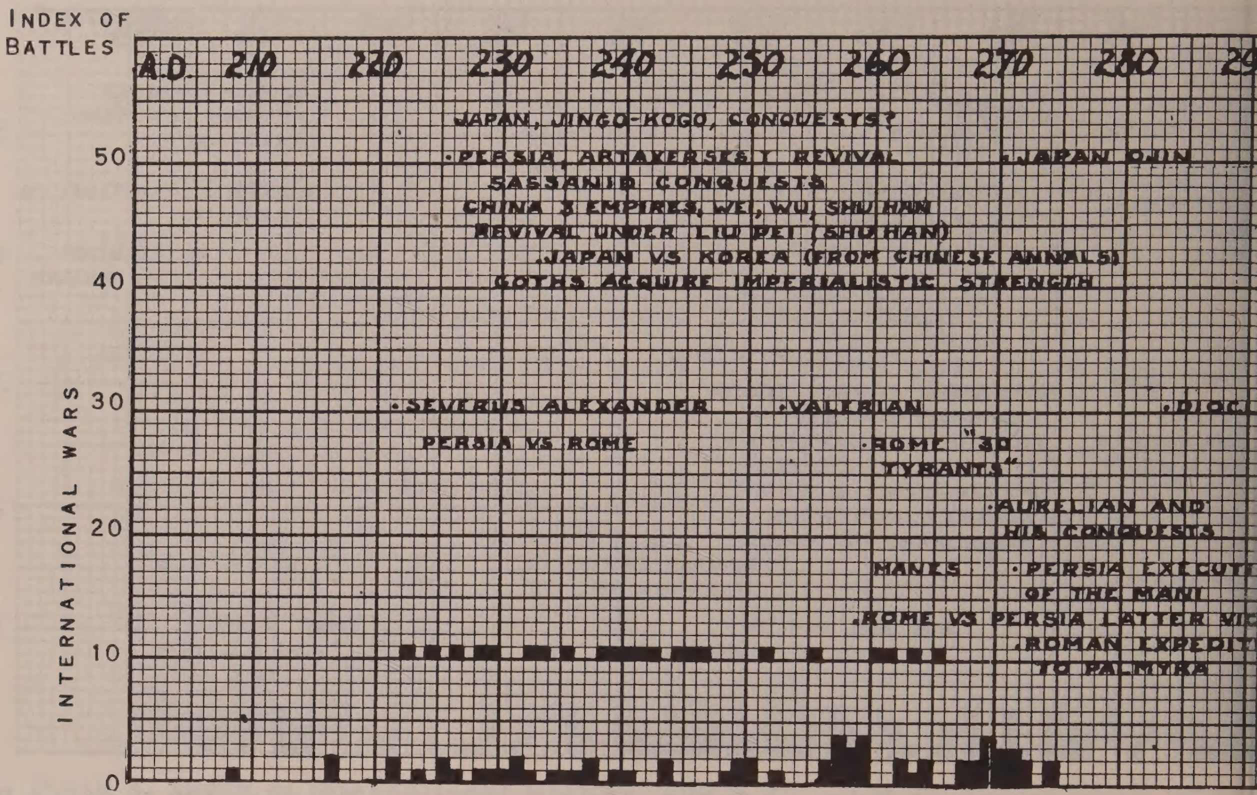

Plate 5, Index of International Battles, A.D. 201—A.D. 400

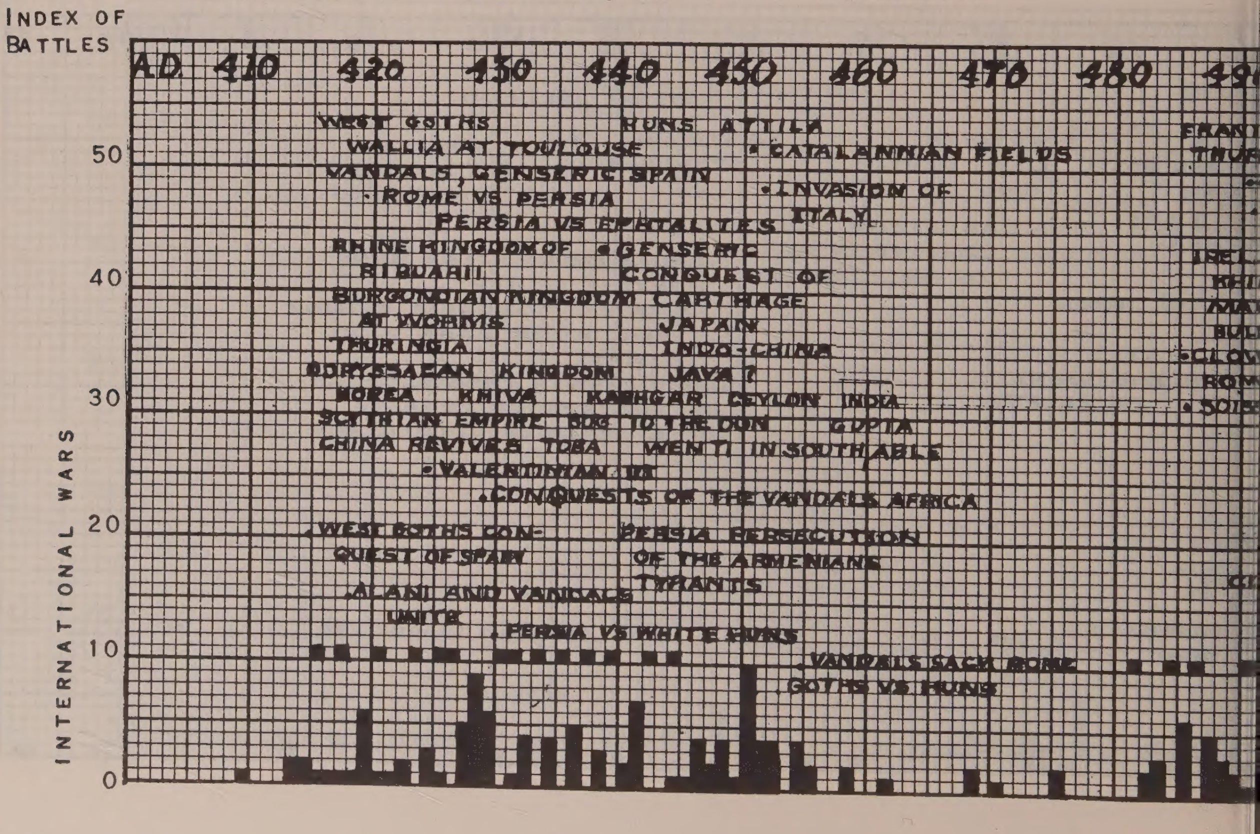

Plate 6, Index of International Battles, A.D. 401—A.D. 600

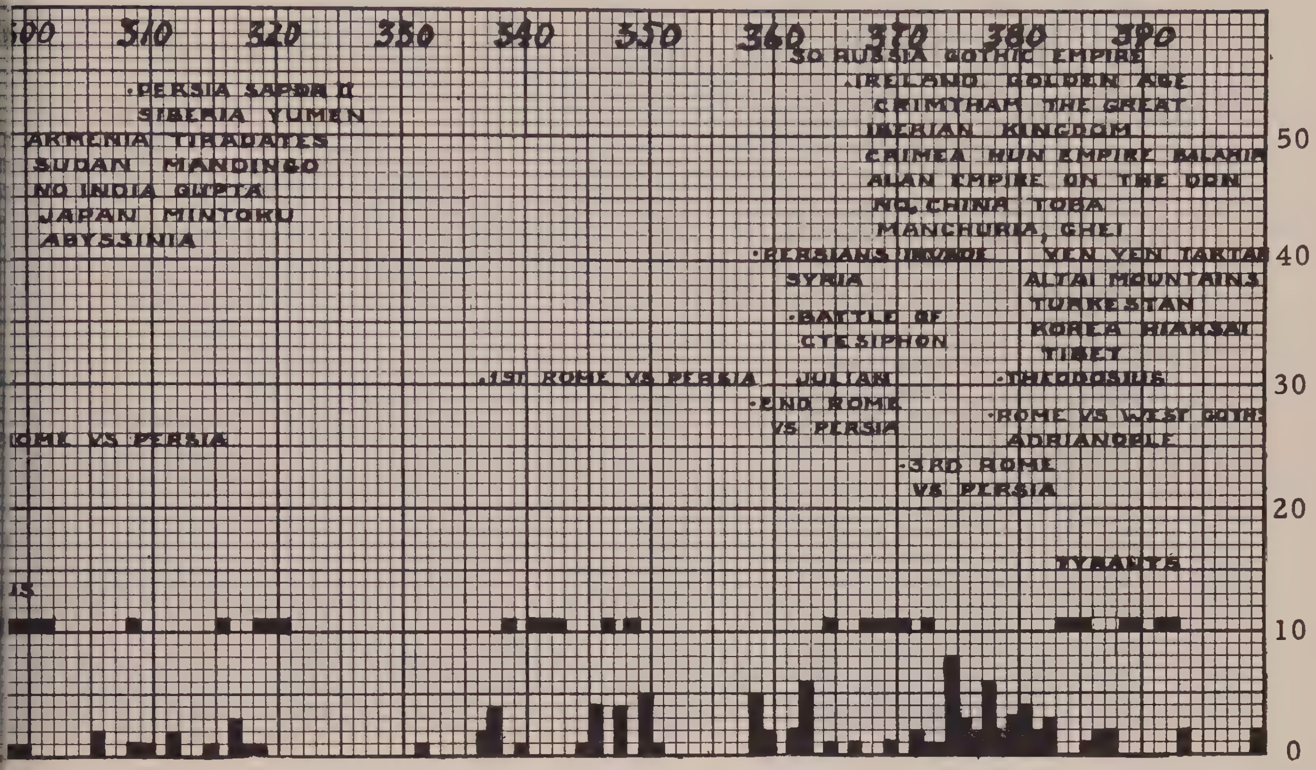

Plate 5--Continued, Index of International, A.D. 201--A.D. 400

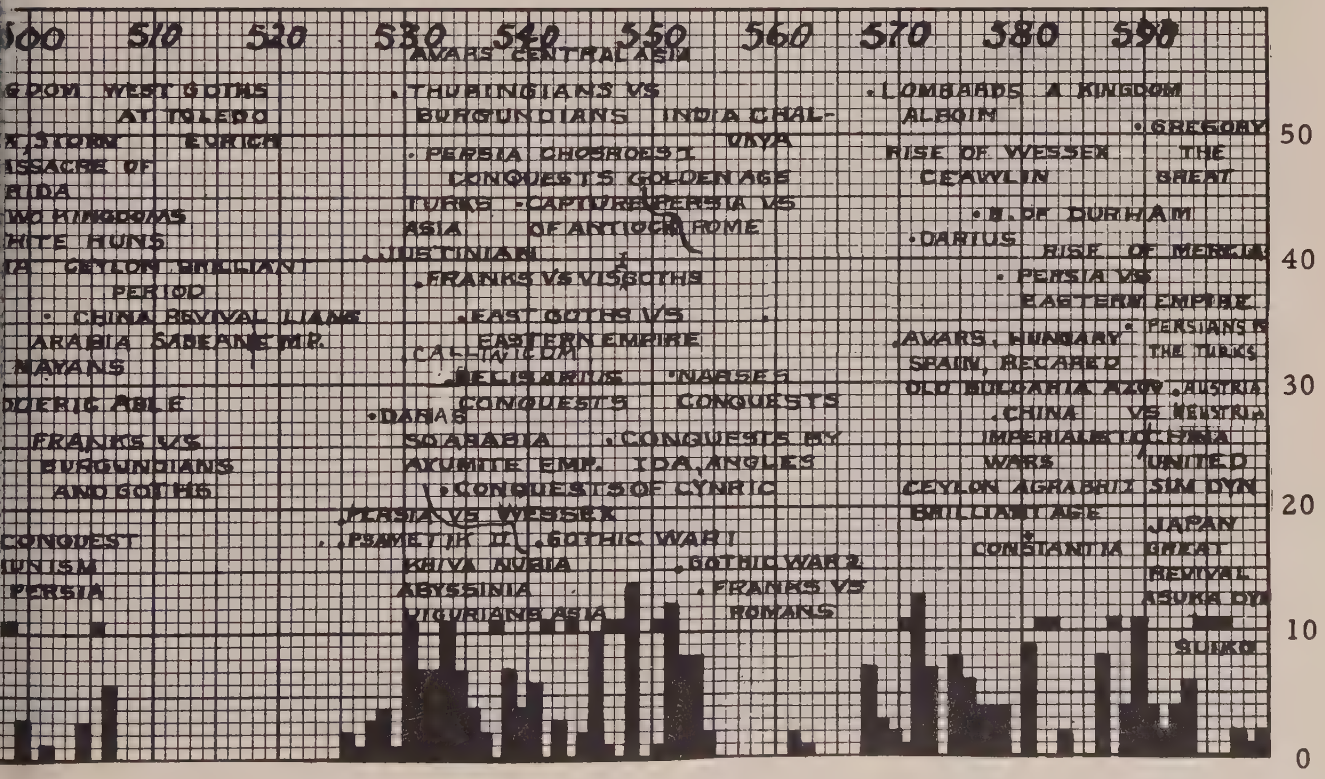

Plate 6--Continued, Index of International Battles, A.D. 401--A.D. 600

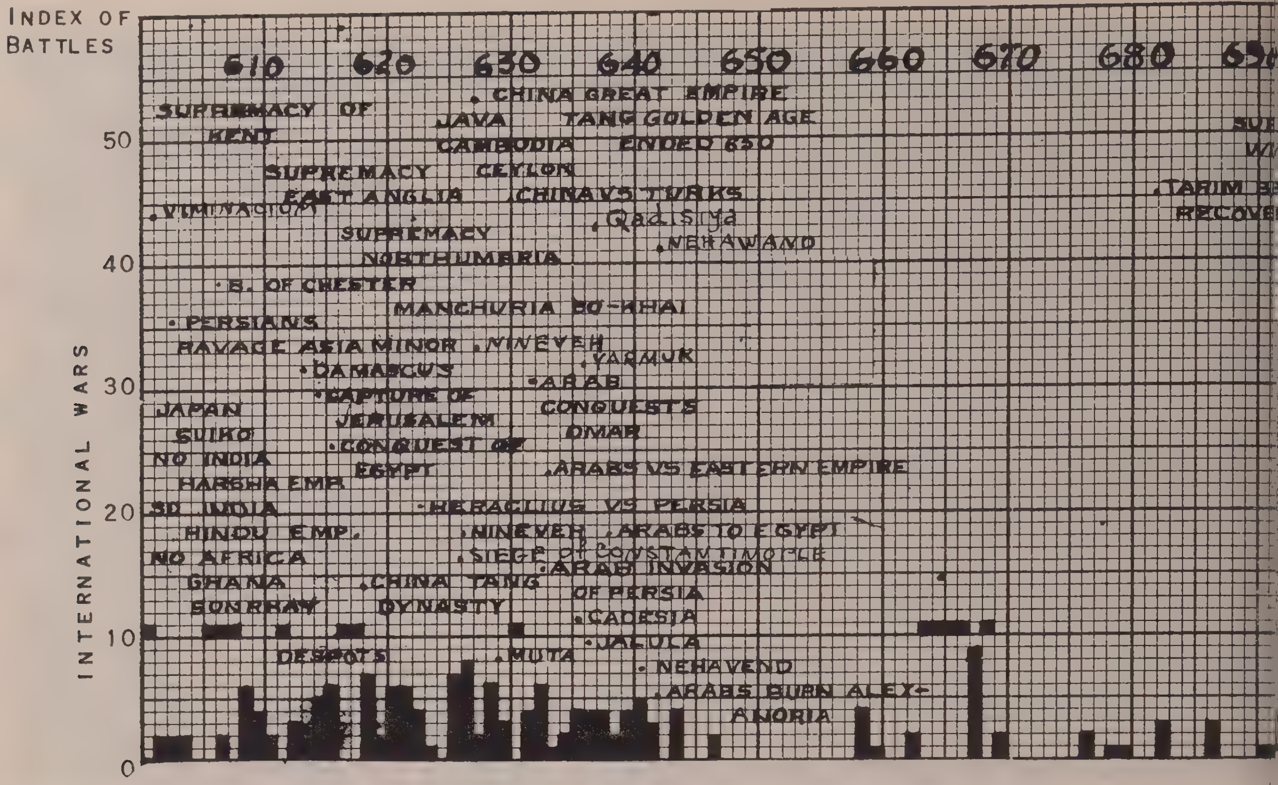

Plate 7, Index of International Battles, A.D. 601—A.D. 800

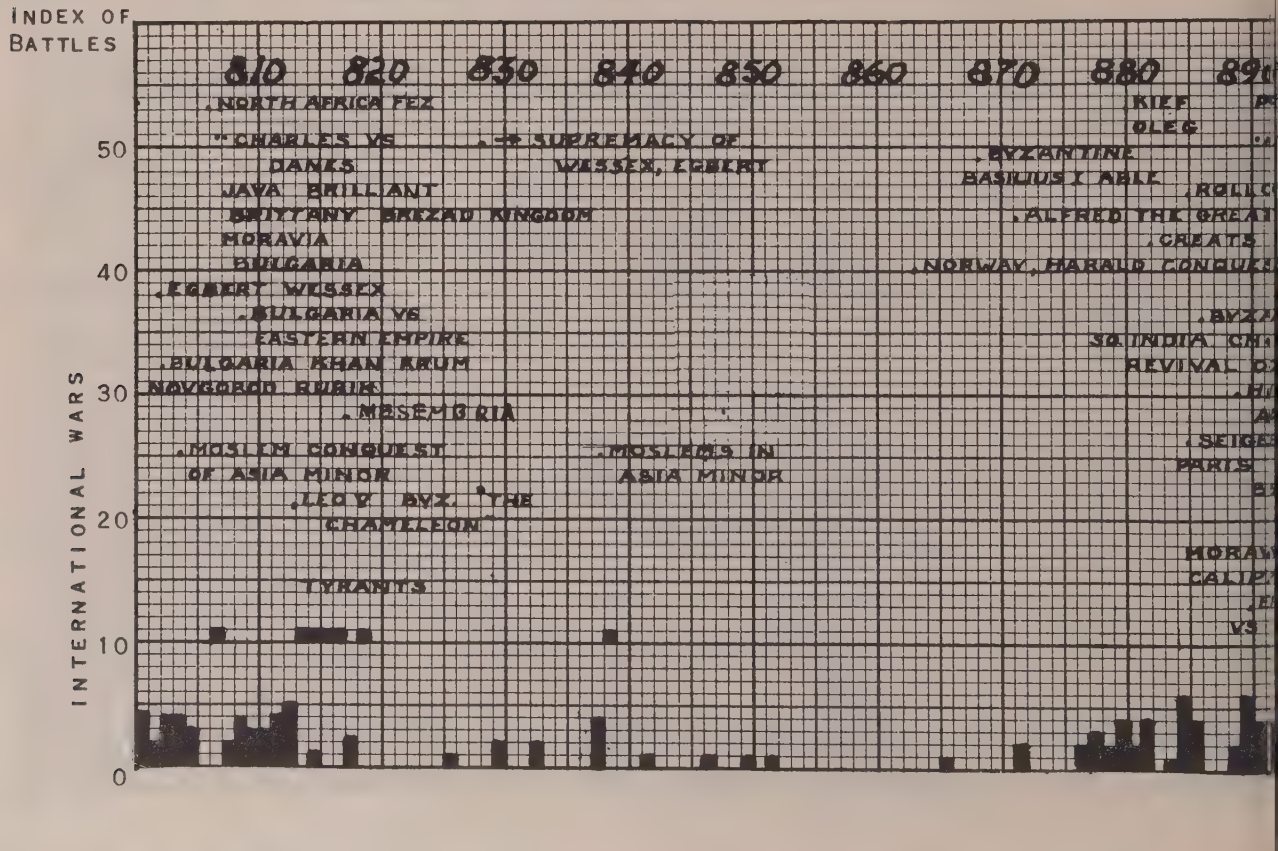

Plate 8, Index of International Battles, A.D. 801—A.D. 1000

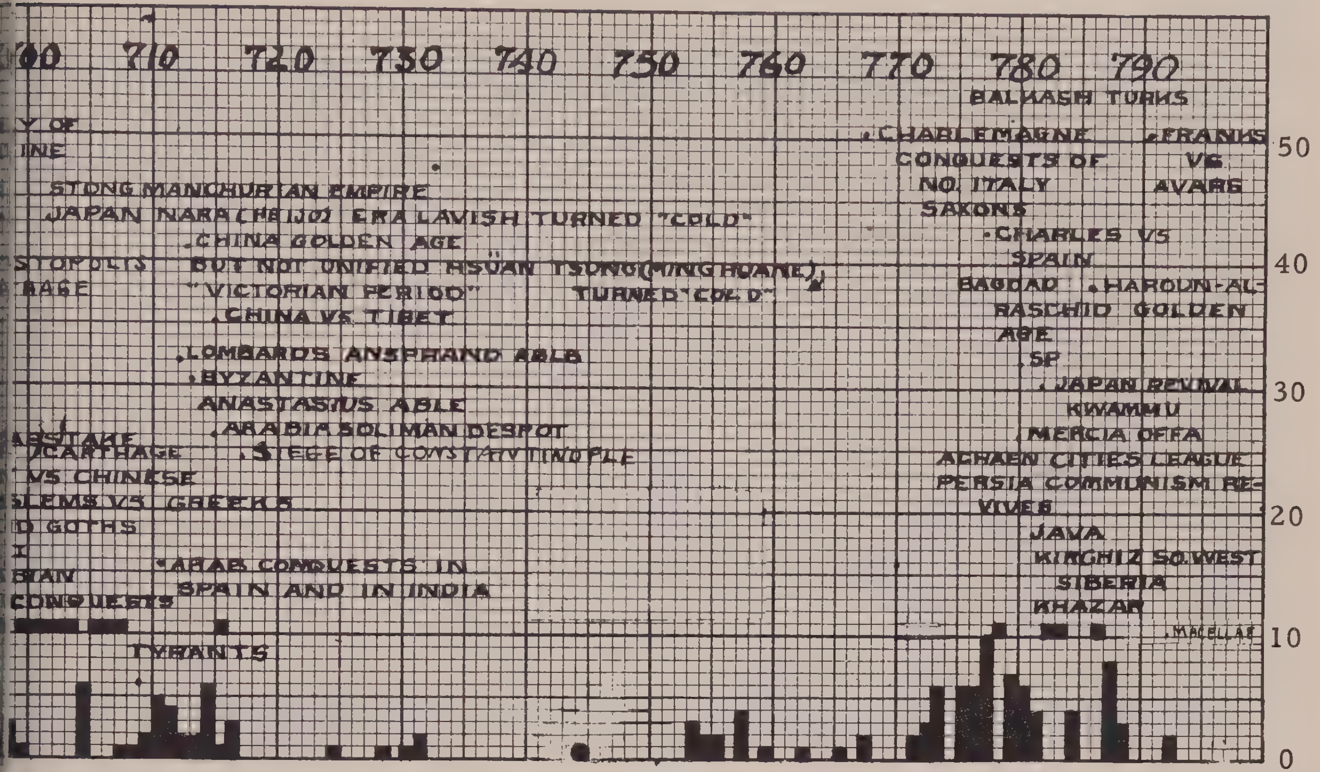

Plate 7—Continued, Index of International Battles, A.D. 601—A.D. 800

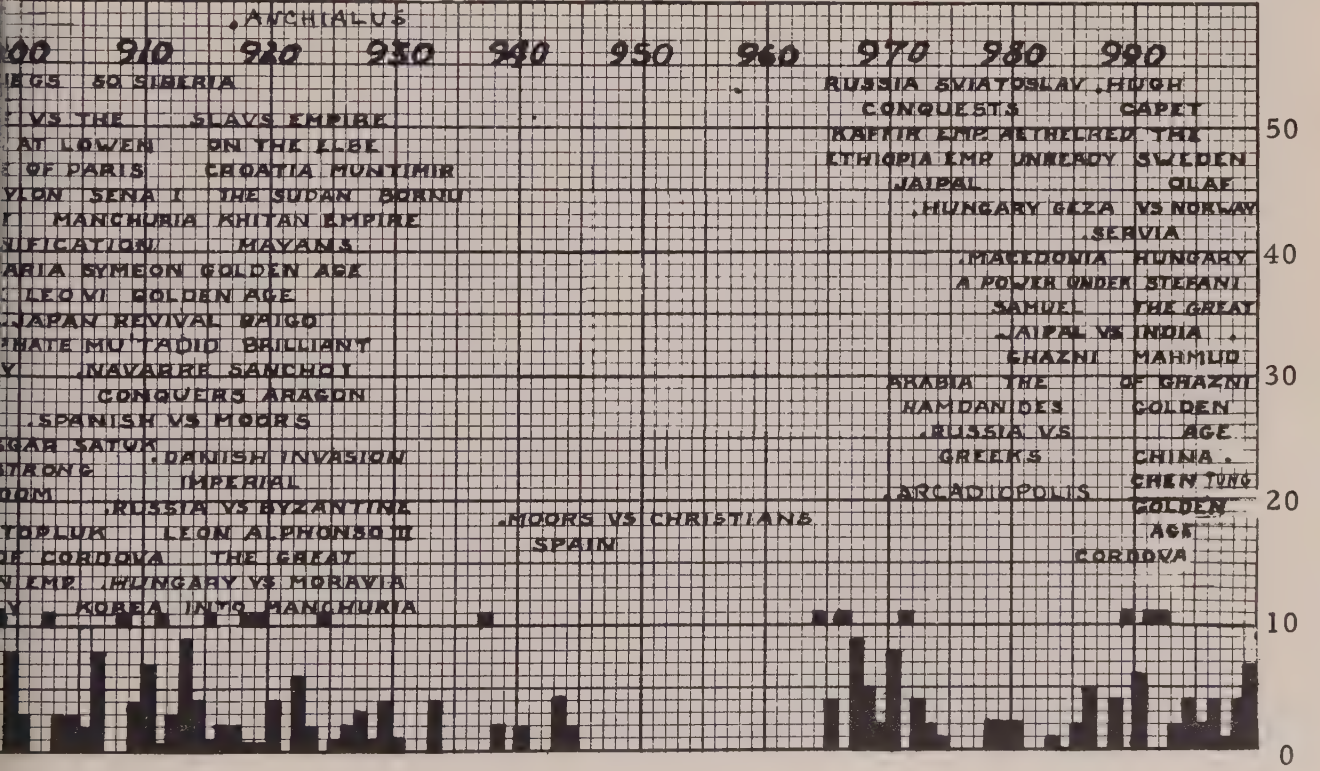

Plate 8—Continued, Index of International Battles, A.D. 801—A.D. 1000

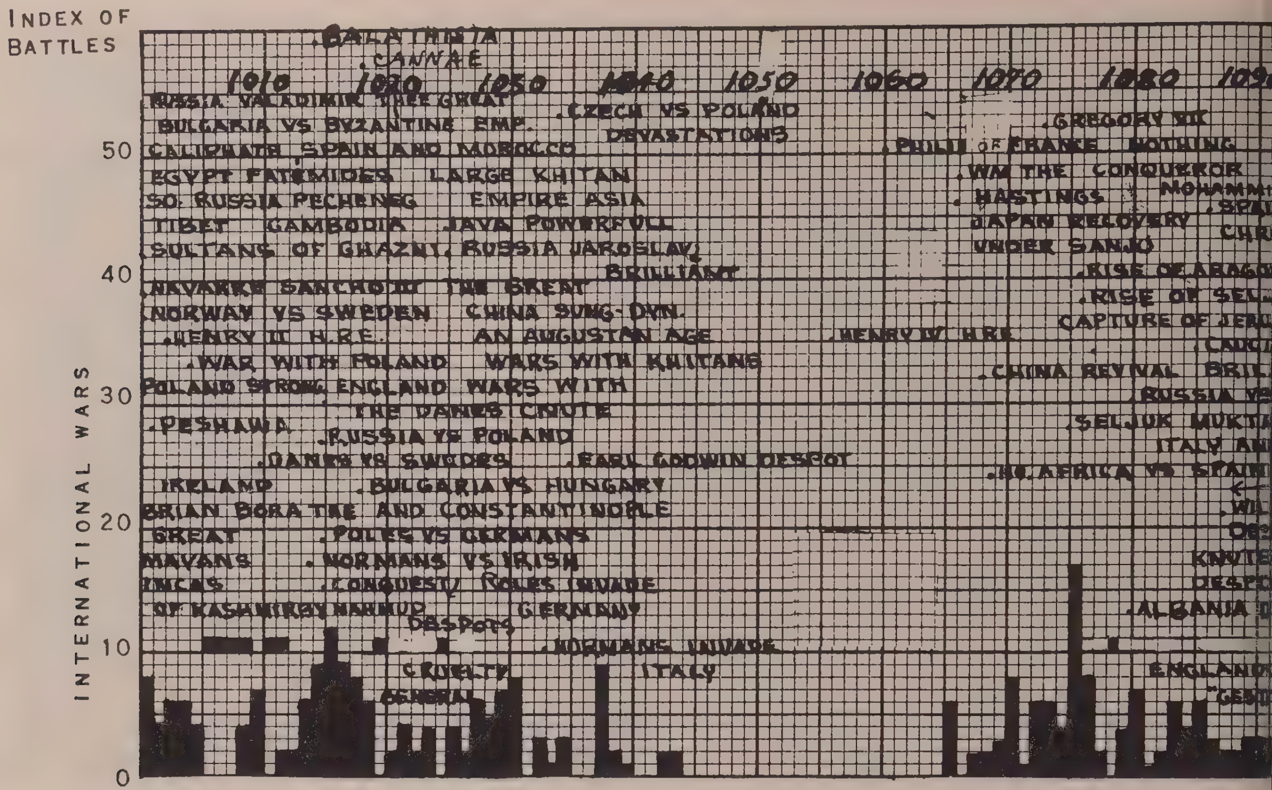

Plate 9, Index of International Battles, 1001--1200

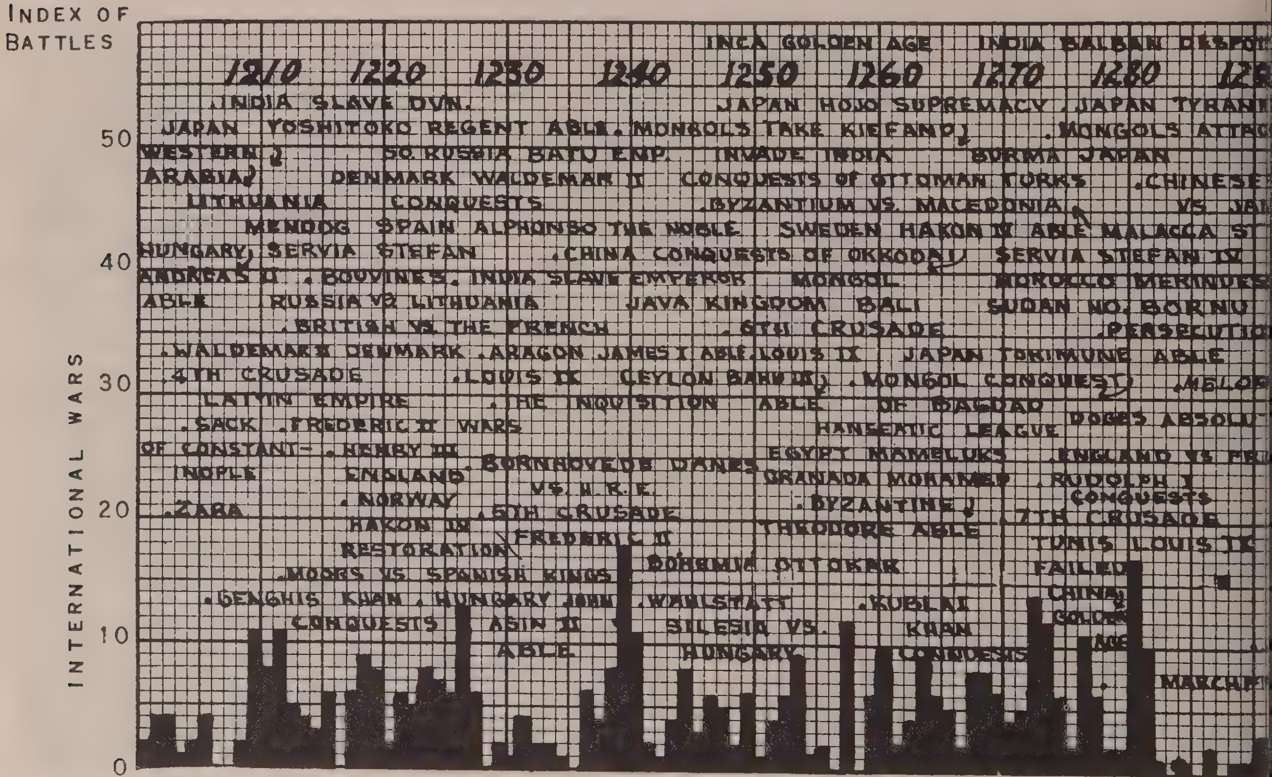

Plate 10, Index of International Battles, 1201—1400

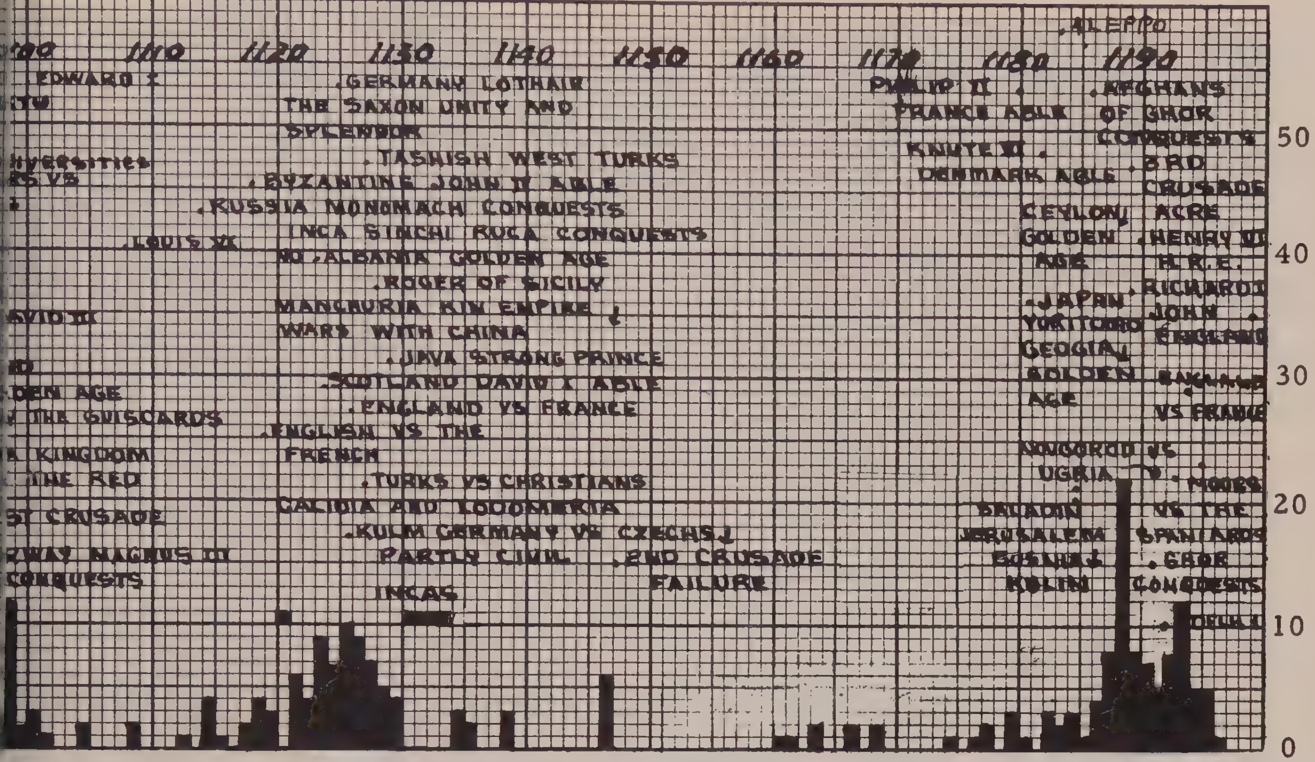

Plate 9—Continued, Index of International Battles, 1001—1200

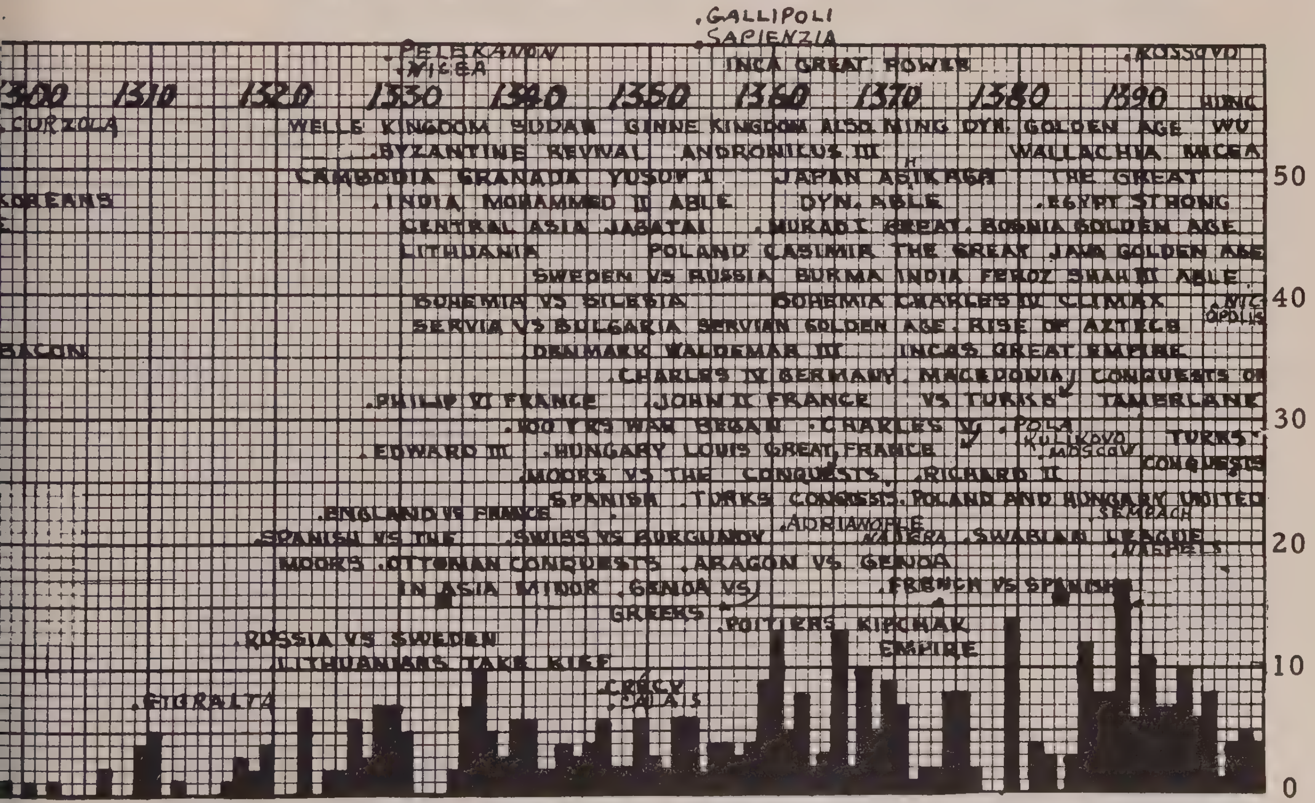

Plate 10—Continued, Index of International Battles, 1201—1400

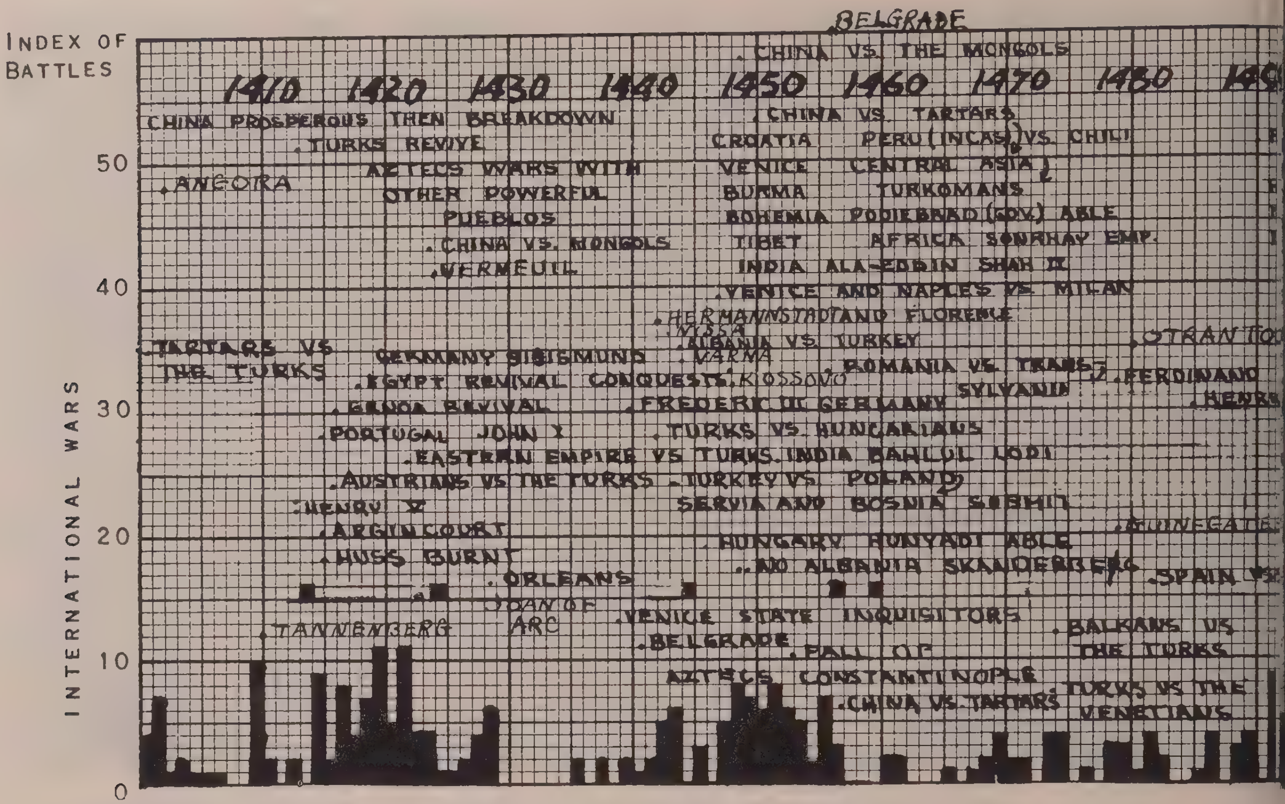

Plate 11, Index of International Battles, 1401—1600

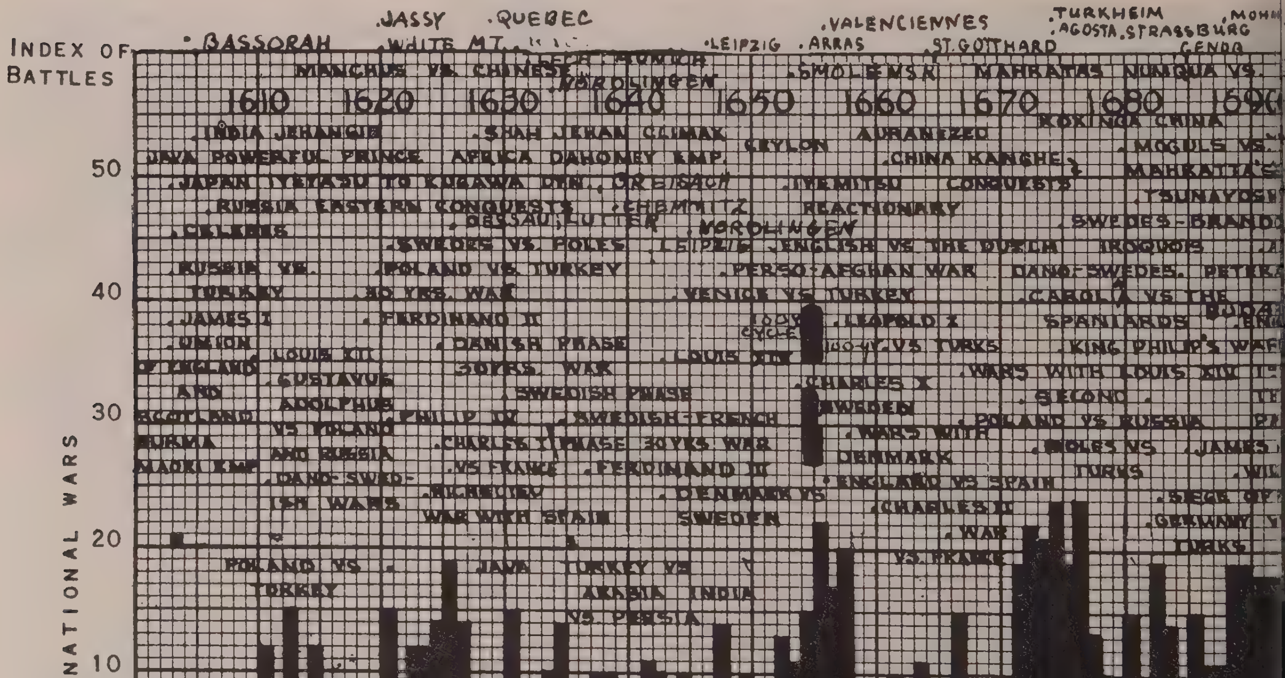

Plate 12, Index of International Battles, 1601—1800

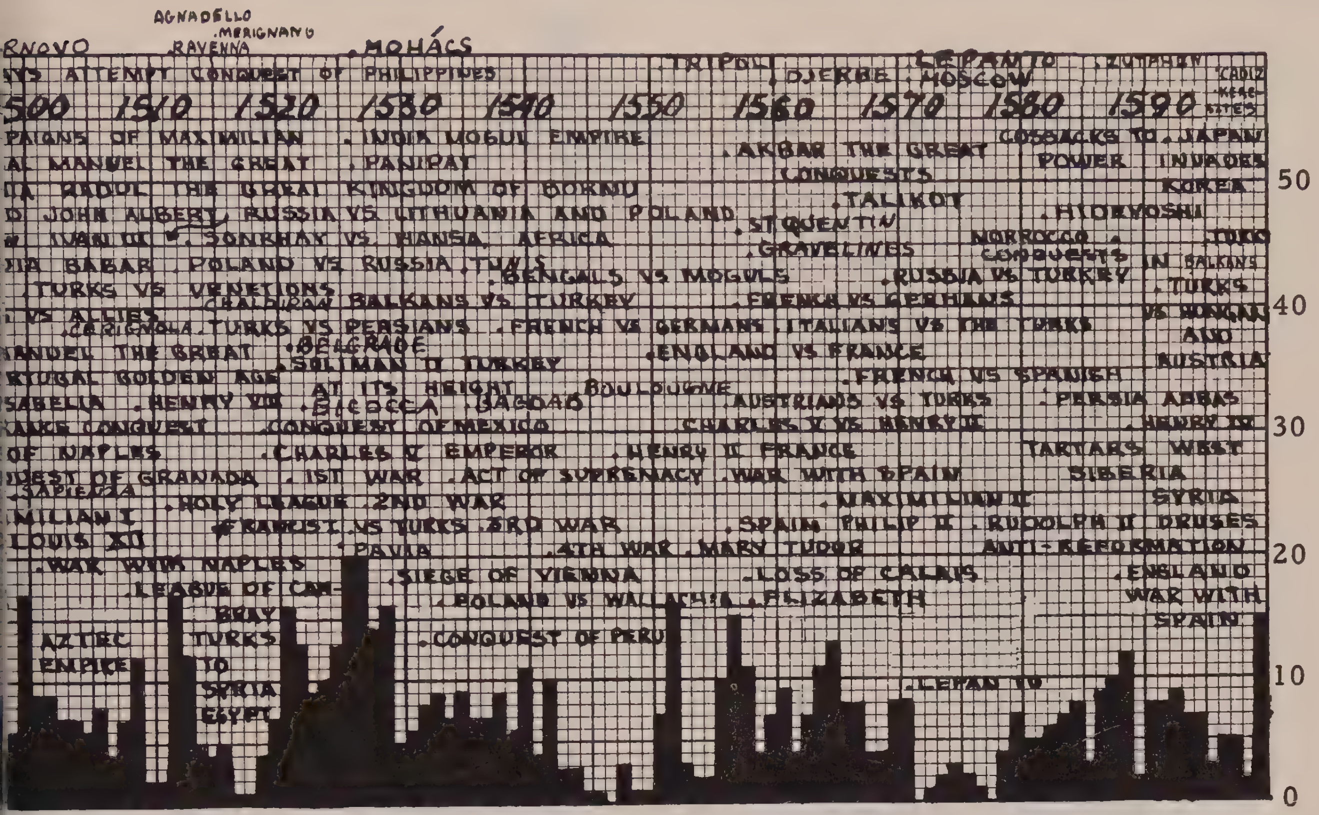

Plate 11—Continued, Index of International Battles, 1401—1600

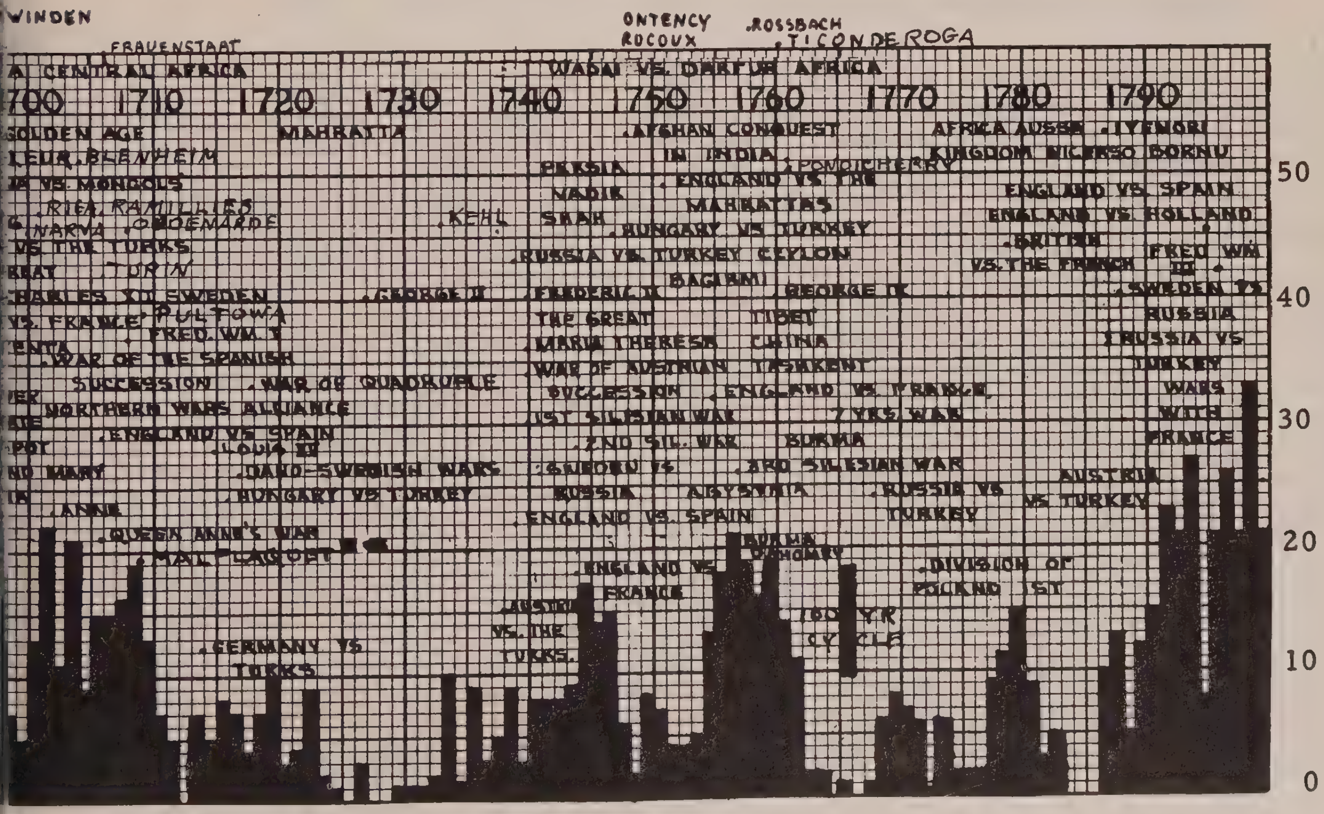

Plate 12—Continued, Index of International Battles, 1601—1800

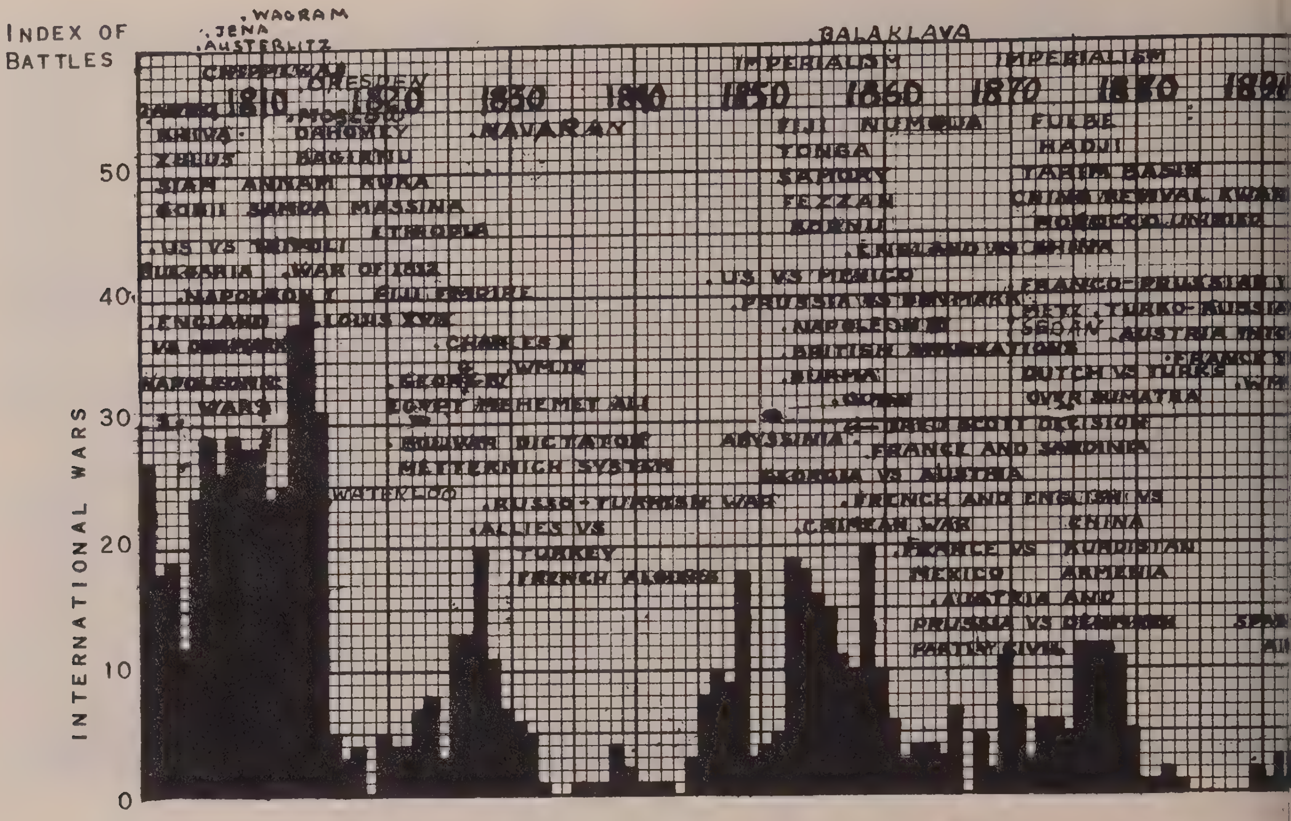

Plate 13, Index of International Battles, 1801—1957

the picture to change this situation. (United Nations? Don't be silly!) This being so, we can expect international battles to continue indefinitely. To believe otherwise is merely wishful thinking.

Four Cycles Apparent

Even casual inspection of the chart of Professor Wheeler's Index indicates that between the periods of intense international conflict there are periods of relative quiet. A more careful study of the figures reveals that this variation can be largely described by four important rhythmic cycles as follows:

One, a cycle about 11.2 years long which has been traced back to the year 1750.

Two, a cycle about 22 years long which has been traced back to the beginning of the figures in 599 B.C.

Three, a cycle about 57 years long which has been traced back to 1750, and

Four, a cycle about 142 years long which has been traced back to the year 1 B.C.

Let us consider each of these cycles in turn:

The 11.2-Year Cycle

The 11.2-year cycle can be seen by inspection of the raw data. It can however be seen more easily if we chart the values of Professor Wheeler's Index on ratio scale.

As there are occasional years where the Index stands at zero and as there is no zero on ratio scale I have added one (1) to all the values of Professor Wheeler's Index before plotting. This method makes plotting on ratio scale possible with the minimum of distortion.

These values, 1750 through 1957, are plotted in Fig. 2. (For the moment please disregard the broken zigzag line which charts the ideal 22-year cycle, to be spoken of presently.) (Page 57.)

As we wish to study the 11-year cycle it is appropriate to express the Index values as percentages of their 11-year moving average trend.

(If these values were monthly figures and if we were studying the 12-month or seasonal cycle we would compute the percentages that each of these figures are of their centered 12-month average trend.)

This procedure minimizes the longer cycles, but has no effect upon any regular 11-year cycle present in figures.

These percentages, smoothed, are charted in Fig. 3. (Page 57.)

(The smoothing minimizes the short cycles.)

On the whole, conformity to the 11.2-year pattern is excellent. For example, starting with the crest

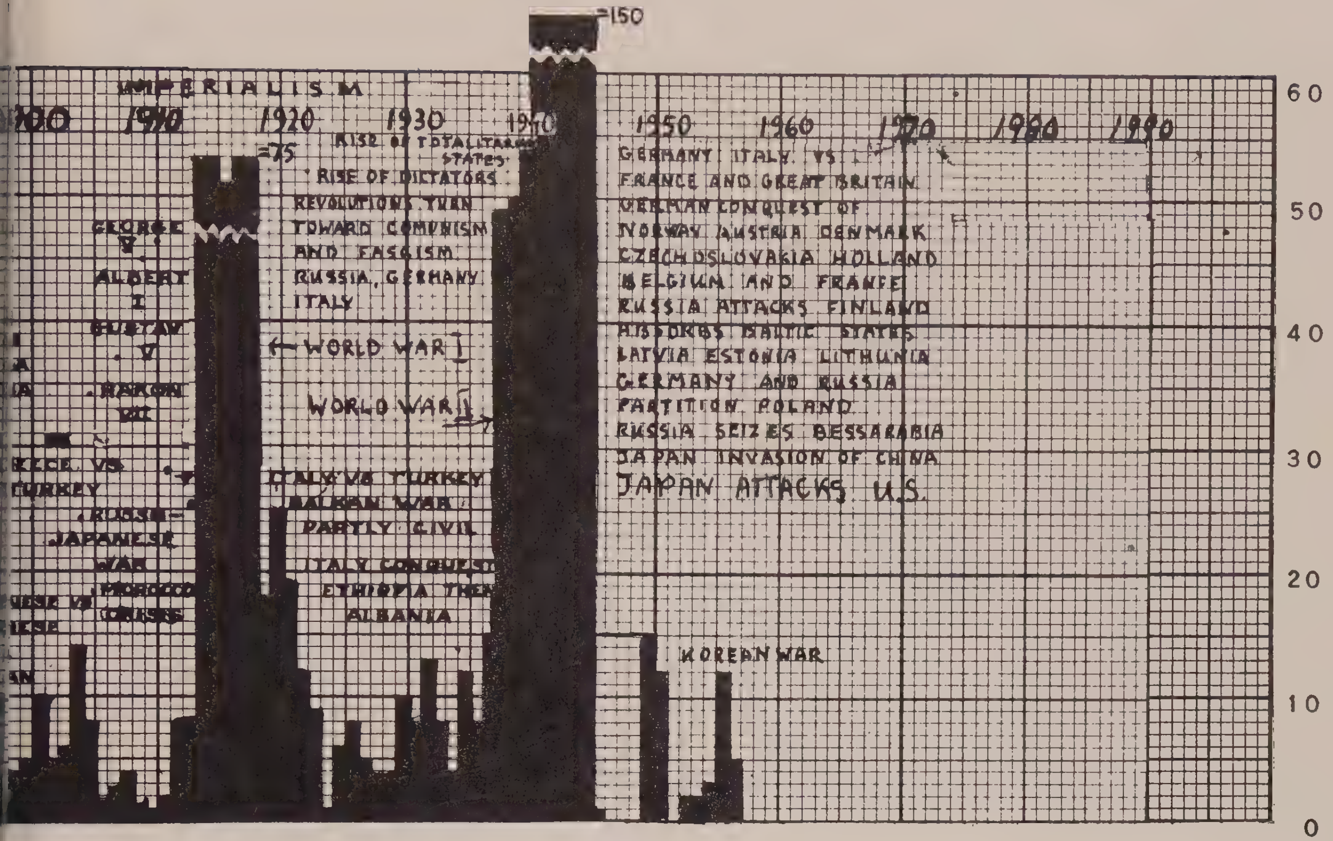

Plate 13—Continued, Index of International Battles, 1801—1957

in 1760 the crests are good, good, good, distorted, good, good, good, good, early, weak, early, good, good, good, late, late, good.

The length of this cycle turns out to be a shade under 11.2 years—11.175 years as nearly as it could be determined. Its next crest is due ideally at 1960.5. It has a typical strength of 52% above trend at the time of ideal crest, 37% below trend at time of ideal trough.

The 22-Year Cycle

When the 22-year cycle in the index of International Battles is studied in the figures 1400 to date it looks to be about 22 1/7 years long. You can see this fact by looking at Figs. 4 and 5 where you can see the Index charted back to the year 1400 in comparison with a perfectly regular 22 1/7-year zigzag. Fig. 4 shows the actual data (plus one); Fig. 5 shows the same values smoothed by an 11-year moving average and expressed as deviations from their 23-year moving average. These two manipulations minimize the shorter and longer variations respectively and enable us to see the 22-year cycle more plainly. (Pages 58-59.)

If you study the Index of International battles all the way back to 599 B.C., you will find that, over the *whole* period of time, the length of this cycle averages a shade shorter than 22 years—21.95 years to be exact. However this fact is more or less academic except as it emphasizes that this so-called 22-year cycle has been a characteristic of international war for over 2,5000 years.

Confirming our present study to the period from 1400 to date as charted in Fig. 5 and comparing actual smoothed values with the perfectly regular 22 1/7-year zigzag which has been added to show ideal timing, we get the following results:

The curve starts off about as badly as possible, with the first crest, A, about half a cycle early, but B, C, and D, are excellent.

Crest E is late, F is early, but G and H are back on schedule. Crests I and J are also late and early respectively but K and L are back on schedule.

Crest M is nearly upside down, there being really two waves between L and N instead of the one called for by our pattern, but N and O are back on time. Crest P is a little early, and Q, like M, is badly distorted with two waves where there should be but one.

Crests R, S, T, U, V, W and X are on time. The 64-billion dollar question of course concerns the timing of Crest Y.

On the average, 1400 to date, the 22 1/7-year cycle has had a strength of 157% above trend at time of ideal crest, 61% below trend at time of ideal trough. The next crest is due ideally at

INDEX of INTERNATIONAL BATTLES, 599 B.C.—A.D. 1950

Years Before Base Year	Base Years B.C.					
	500	400	300	200	100	*0
0	0	6	0	6	5	*
1	0	4	0	5	3	0
2	0	1	0	0	2	0
3	0	2	0	1	3	0
4	0	6	0	1	3	0
5	0	8	0	4	0	0
6	0	3	0	3	1	0
7	2	6	0	2	7	0
8	1	6	0	7	3	0
9	2	3	2	4	6	0
10	1	6	2	3	7	0
11	1	0	1	3	2	0
12	1	3	0	2	0	0
13	0	10	0	2	0	0
14	0	10	0	1	3	0
15	0	6	1	3	3	0
16	0	4	1	4	0	1
17	0	0	1	6	2	0
18	0	3	1	3	1	0
19	3	0	0	3	1	1
20	1	1	0	3	4	0
21	3	1	0	1	1	0
22	2	0	2	3	2	4
23	0	2	0	2	1	1
24	2	2	0	3	0	2
25	3	2	2	3	0	0
26	4	1	2	3	0	0
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34	1	2	3	2	0	0
35	1	0	3	0	0	0
36	1	0	0	0	0	0
37	1	0	4	1	1	1
38	2	0	1	0	2	1
39	3	0	2	0	1	0
40	3	2	3	5	0	0
41	0	0	1	1	0	1
42	1	0	2	0	0	0
43	1	0	3	0	0	0
44	0	1	1	0	2	0
45	3	1	1	2	4	0
46	5	1	0	1	6	4
47	0	2	2	3	2	2
48	0	4	1	0	2	0
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50	2	3	0	3	4	3
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61	0	2	4	3	0	1
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63	0	2	2	2	1	2
64	0	0	0	0	0	1
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66	0	0	0	0	0	0
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72	0	3	1	0	0	3
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74	0	0	1	3	0	0
75	0	4	2	0	1	1
76	0	1	2	4	0	3
77	0	4	2	5	0	0
78	0	6	4	1	0	4
79	0	9	4	2	1	0
80	0	7	0	1	0	1
81	2	4	1	2	0	4
82	0	0	4	1	2	1
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84	2	1	2	0	0	4
85	3	0	0	0	0	5
86	0	0	3	0	1	3
87	0	1	4	0	2	2
88	4	0	2	1	0	0
89	2	6	1	1	7	0
90	0	6	0	1	5	0
91	0	5	1	0	6	1
92	2	4	5	1	4	0
93	0	4	8	0	0	0
94	0	0	1	0	2	0
95	0	1	3	1	1	0
96	0	1	4	0	4	1
97	0	1	2	0	5	1
98	0	2	4	0	4	1
99	0	2	4	0	4	2

Years After Base Year	Base Years A.D.																			
	0	100	200	300	400	500	600	700	800	900	1000	1100	1200	1300	1400	1500	1600	1700	1800	1900
0	*	0	0	1	2	3	2	1	0	8	7	2	0	0	4	17	15	5	21	5
1	0	2	0	0	0	0	0	0	4	3	8	3	2	1	4	9	6	13	27	10
2	0	1	0	0	0	1	2	0	2	0	4	1	4	0	7	9	6	22	18	5
3	0	0	0	0	0	0	2	0	4	0	6	0	4	1	1	7	7	11	19	6
4	0	0	0	0	0	0	2	0	4	3	6	0	1	0	2	7	1	21	12	14
5	0	1	0	0	0	3	0	6	3	3	4	2	2	0	1	6	2	9	24	8
6	1	1	0	2	0	0	0	0	0	2	0	0	4	0	1	8	3	15	29	2
7	0	0	0	0	0	6	2	0	0	8	0	0	0	2	1	4	4	15	26	3
8	0	0	0	0	0	0	0	1	2	0	0	0	0	0	0	7	5	16	29	4
9	0	0	1	1	0	0	6	1	4	0	4	2	2	0	0	12	4	19	28	1
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11	0	0	0	0	0	0	2	5	3	7	0	0	8	5	2	2	12	7	24	2
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21	0	0	0	0	1	0	6	0	0	4	2	0	2	0	5	16	15	3	4	19
22	0	0	2	0	1	0	6	0	0	0	4	6	6	0	11	13	9	4	4	12
23	0	0	0	0	2	0	4	0	0	6	2	4	5	7	4	9	12	9	7	9
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34	0	0	0	0	0	11	1	0	0	4	1	0	2	0	0	7	10	10	0	4
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40	2	1	1	1	0	4	4	0	0	0	1	0	18	6	2	11	5	3	2	33
41	0	0	1	0	2	6	5	0	0	2	0	0	11	6	1	4	5	8	1	150
42	0	5	0	0	7	0	3	0	1	0	0	0	2	2	2	10	11	8	1	150
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67	0	0	0	1	0	0	0	0	0	0	0	2	2	2	0	8	15	0	0	
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72	1	0	3	2	0	13	0	2	2	0	1	0	5	1	2	0	19	6	3	
73	3	0	2	1	0	7	0	3	0	4	6	0	14	2	0	1	22	1	6	
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85	1	0	0	0	0	0	0	4	6	0	4	3	1	3	0	8	8	0	0	
86	1	0	0	1	6	0	0	0	4	2	6	1	0	12	1	3	15	0	0	
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89	3	0	0	0	3	4	0	3	2	4	2	22	1	17	3	12	19	5	0	
90	4	0	0	0	2	11	0	0	6	0	3	8	1	6	4	2	19	12	2	
91	0	0	0	0	1	4	1	0	4	6	3	7	3	11	0	8	18	15	1	
92	1	0	0	0	2	2	4	0	0	0	0	5	0	7	9	8	18	23	3	
93	0	0	0	0	0	4	4	0	2	0	1	8	0	7	7	9	16	21	4	
94	2	0	0	2	0	6	6	0	4	2	0	12	0	10	13	7	5	27	6	
95	0	0	0	0	1	0	0	0	3	4	1	5	1	6	13	7	1	8	6	
96	1	0	1	0	4	0	6	0	0	2	13	5	0	8	7	3	18	21	3	
97	0	0	9	0	1	0	2	1	0	4	1	1	0	1	9	5	15	26	3	
98	3	1	4	0	0	2	2	0	2	1	4	0	0	4	3	5	3	21	3	
99	0	1	1	0	0	1	3	0	0	4	12	0	1	5	6	2	7	33	4	

*There is no year zero.

1963.9.

It should be emphasized that this cycle has been present on the average in each quarter of the date all the way back to 599 B.C., the beginning of our figures. Averaged out over the entire span of time the length is 21.95 years.

The 57-Year Cycle

In Professor Wheeler's index of international battles there have been three repetitions of a very clear cycle which averages almost exactly 57 years in length. If this cycle continues, the general tendency for the next 25 or 30 years will be an increasing number of international battles.

Of course no one knows if this cycle represents the effect of some real rhythmic force—perhaps climatological—which may be expected to continue, or represents merely three major upswings in the number of wars which just happened to come the same number of years apart. Three repetitions are not very many to go on. However as yet I have not had the time to carry the work back.

To see this cycle as clearly as possible, start with the actual index plus one, as in Fig. 6. Next smooth by 5- and 23-year moving averages. This gives you the curve in Fig. 7. Through this curve I have run a trend line. Fig. 8 shows you the percentages the curve in Fig. 7 is above or below the trend.(p.62)

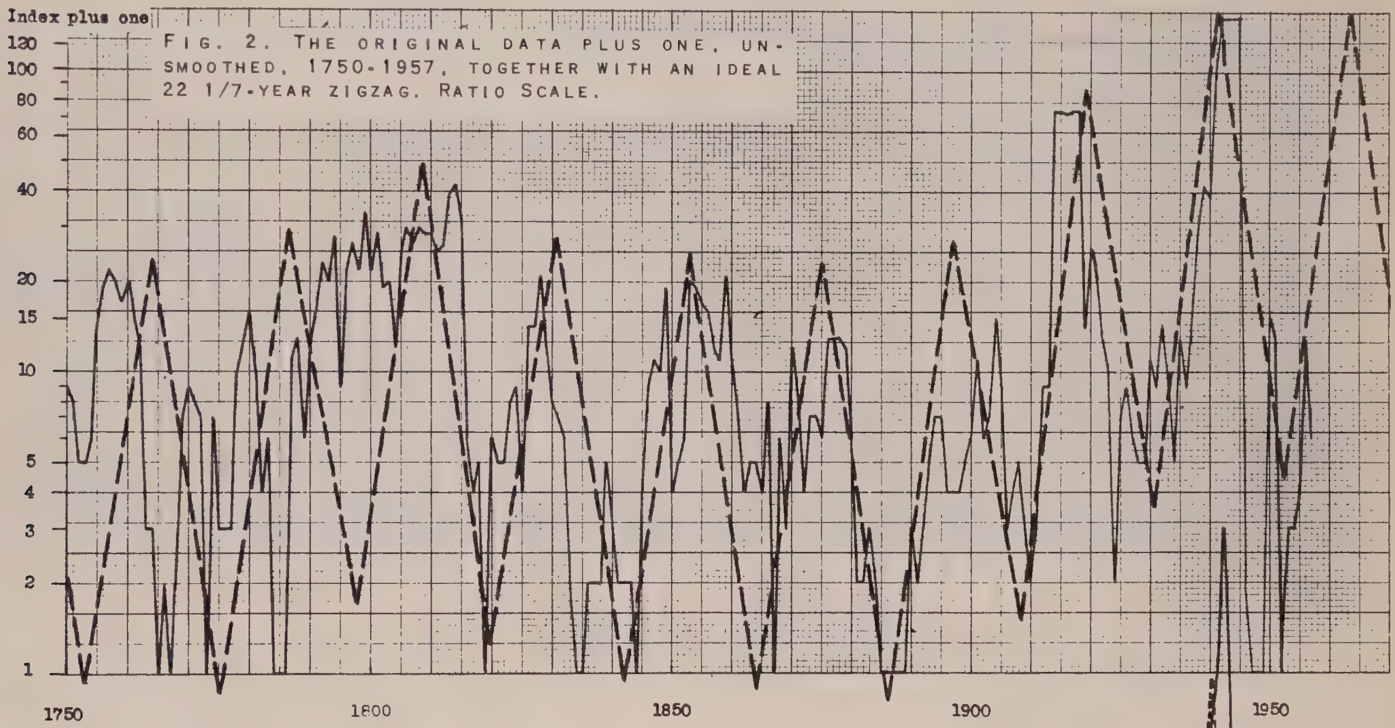


FIG. 2. THE ORIGINAL DATA PLUS ONE, UNSMOOTHED, 1750-1957, TOGETHER WITH AN IDEAL 22 1/7-YEAR ZIGZAG. RATIO SCALE.

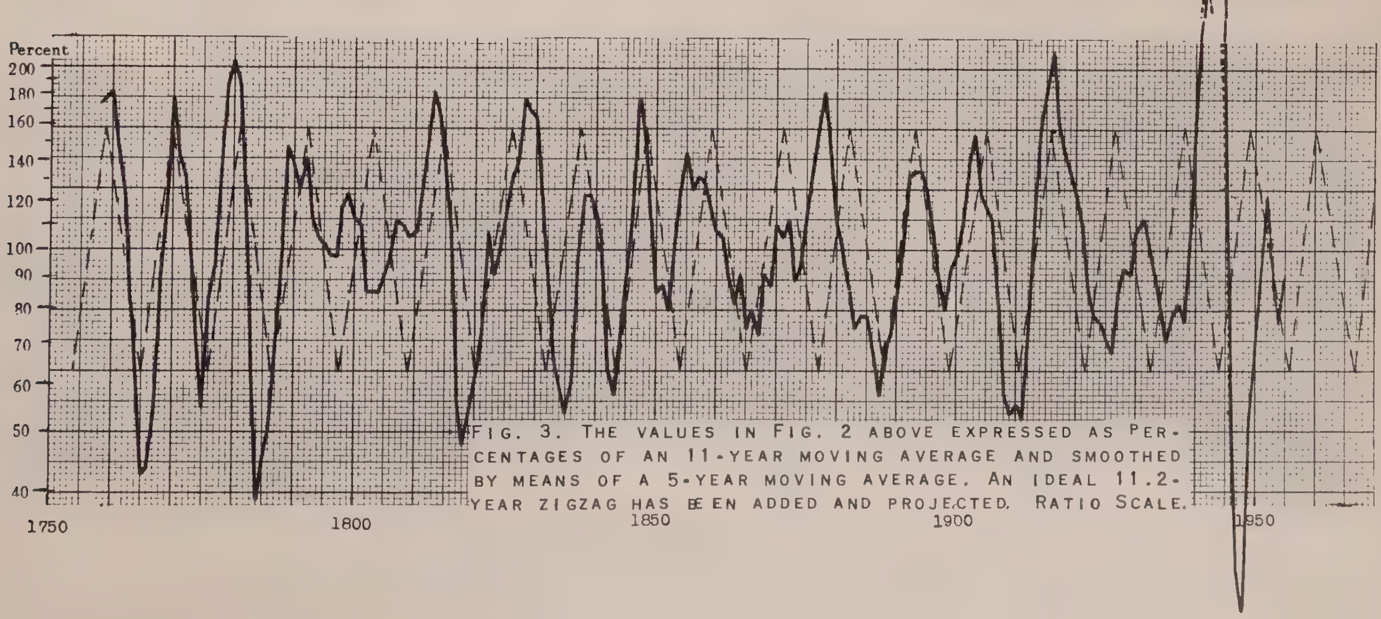


FIG. 3. THE VALUES IN FIG. 2 ABOVE EXPRESSED AS PERCENTAGES OF AN 11-YEAR MOVING AVERAGE AND SMOOTHED BY MEANS OF A 5-YEAR MOVING AVERAGE. AN IDEAL 11.2-YEAR ZIGZAG HAS BEEN ADDED AND PROJECTED. RATIO SCALE.

Since 1750 this cycle has shown an average strength of 151% above trend at time of ideal crest; 60% below trend at time of ideal trough. The current crest is due ideally at 1975.5.

Two and a half repetitions of a cycle are almost nothing to go on. The record needs to be studied on back to the year 599 B.C. to see if this 57-year cycle is characteristic of the International Battle Index for as far as there are figures.

The 142-Year Cycle

The 142-year cycle in the International Battle Index is very clear back to the year 1. See Fig. 9. In this chart the values of Professor Wheeler's Index have been smoothed by a 67-year moving average to get rid of the 11-year, the 22-year, and the 57-year cycles. A regular 142-year cycle has been added by a broken line. (Pages 60-61.)

Looking at the chart (Fig. 9) we see an excellent crest about 100, an excellent low, an excellent crest, an excellent low, and then on up again. The crest due about 400 is however late and, except for a fine low about 740 the curve is quite distorted until about 1100 when we get a crest exactly at ideal timing. The remaining six waves are excellent.

In spite of the distorted waves, the strength of this cycle on the average is 78% above trend at time of ideal crest, 44% below trend at time of ideal trough. The current crest was, ideally, at 1950.5.

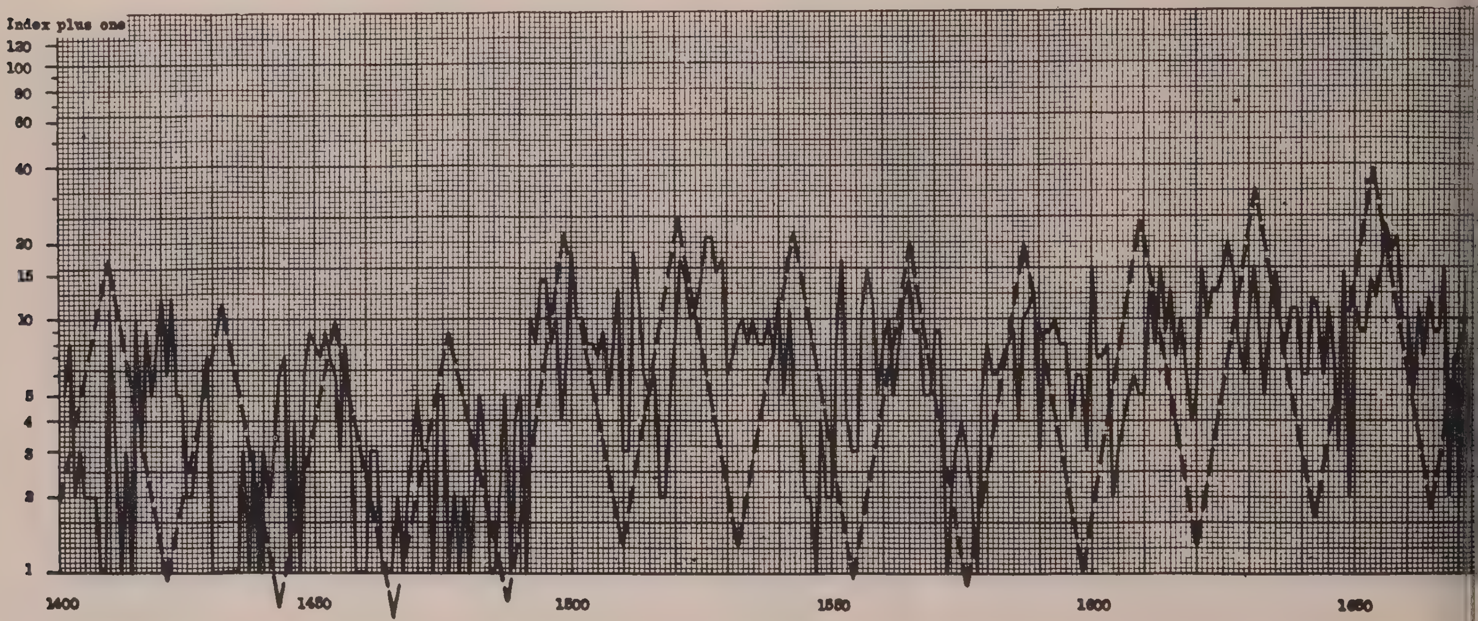


FIG. 4. THE ORIGINAL DATA PLUS ONE, UNSMOOTHED, TOGETHER WITH AN IDEAL 22 1/7-YEAR ZIGZAG. NOTE THE EXCEPTIONS TO THE IDEAL PATTERN. THESE EXCEPTIONS TEND TO OFFSET EACH OTHER WHEN THE DATA ARE AVERAGED AS IN FIG. 5 AND THE TRUE UNDERLYING PATTERN EMERGES. RATIO SCALE

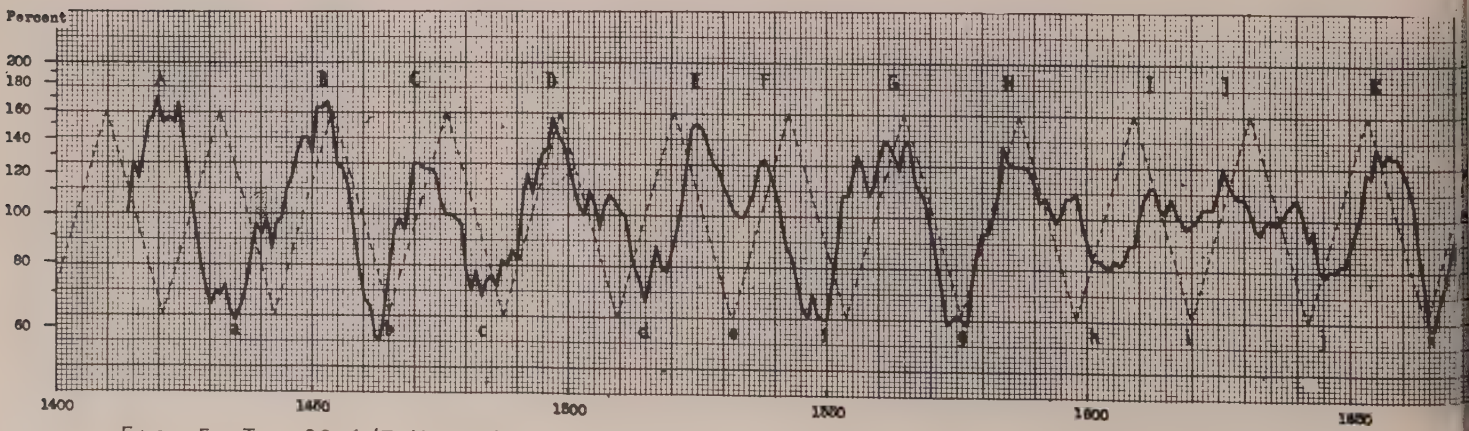


FIG. 5. THE 22 1/7-YEAR CYCLE IN INTERNATIONAL WAR. THE CURVE REPRESENTS DEVIATIONS OF THE SMOOTHED DATA FROM THEIR 23-YEAR MOVING AVERAGE. AN IDEAL 22 1/7-YEAR ZIGZAG HAS BEEN ADDED FOR PURPOSES OF COMPARISON. THE IDEAL ZIGZAG HAS BEEN PROJECTED TO INDICATE PROBABLE FUTURE BEHAVIOR IF THE CYCLE CONTINUES. RATIO SCALE

Summary

It seems clear (1) that international battles are the rule of life; (2) that, if anything, they are increasing; (3) that their incidence, world wide, is intermittent; (4) that, after a lull, they *always* break out again with renewed vigor; (5) that there is a sort of rhythm with which they do this; (6) that we have had a lull; (7) that, having had a lull, we are close to a period of greatly increased intensity; and (8) that, even if we knew no more than this, we have here information of great value at the present juncture.

But we do know more than this! We know, that there are at least four rhythmic cycles inherent in these figures. Discount the two longest of these as of no practical importance, we still have left two cycles, 11.2 and 22.14 years long respectively, that are of real practical aid in *timing* the coming peaks and troughs of international battle intensity.

Why does international conflict act as if it were stimulated by cyclic forces of these lengths? No one knows; but it does. What are these forces? Are they ultra-long energy waves, as Dr. Wing believes? Are they climatological, as Dr. Wheeler believes? Are they sunspots, as the Russian, Tchijevsky, believes? Or are they merely a matter of simple dynamics? Again, no one knows. But we do know the result. And, knowing the result, we can

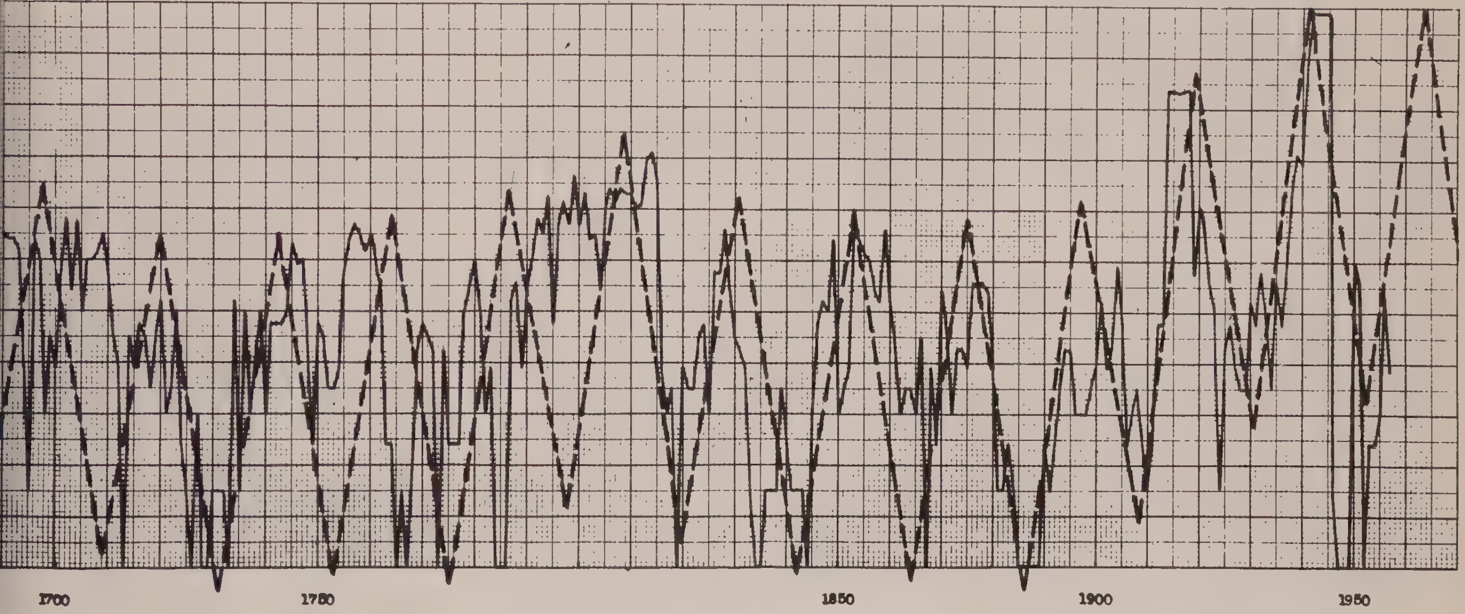


FIG. 4. CONTINUED

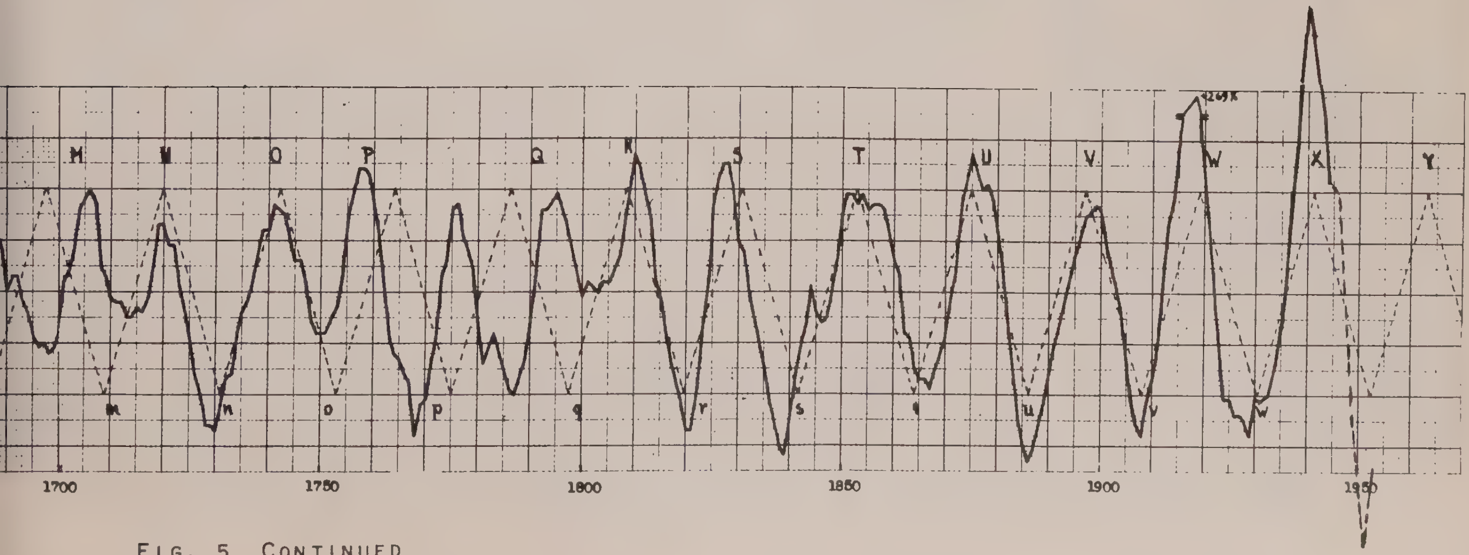


FIG. 5. CONTINUED

see that these tendencies do exist and—most important—that as a consequence *we have light on the probabilities of the future!* They throw light upon the *when* even though, as yet, we do not know the *why*.

What Should Be Done

Rhythmic cycles in international conflict should be taken into account by Congress, by the State Department, and by the Department of Defense, to throw light on the *when* of the next major outbreak of international war. Knowing *when* an increase of international conflict is due is information that can be used by all concerned. First, it can be used to try to forestall the coming of such conflict. Second, if this proves impossible, it can be used to avoid entanglement. And third, failing in both of these endeavors, it can be used to assure the necessary success for our arms in the field.

Edward R. Dewey

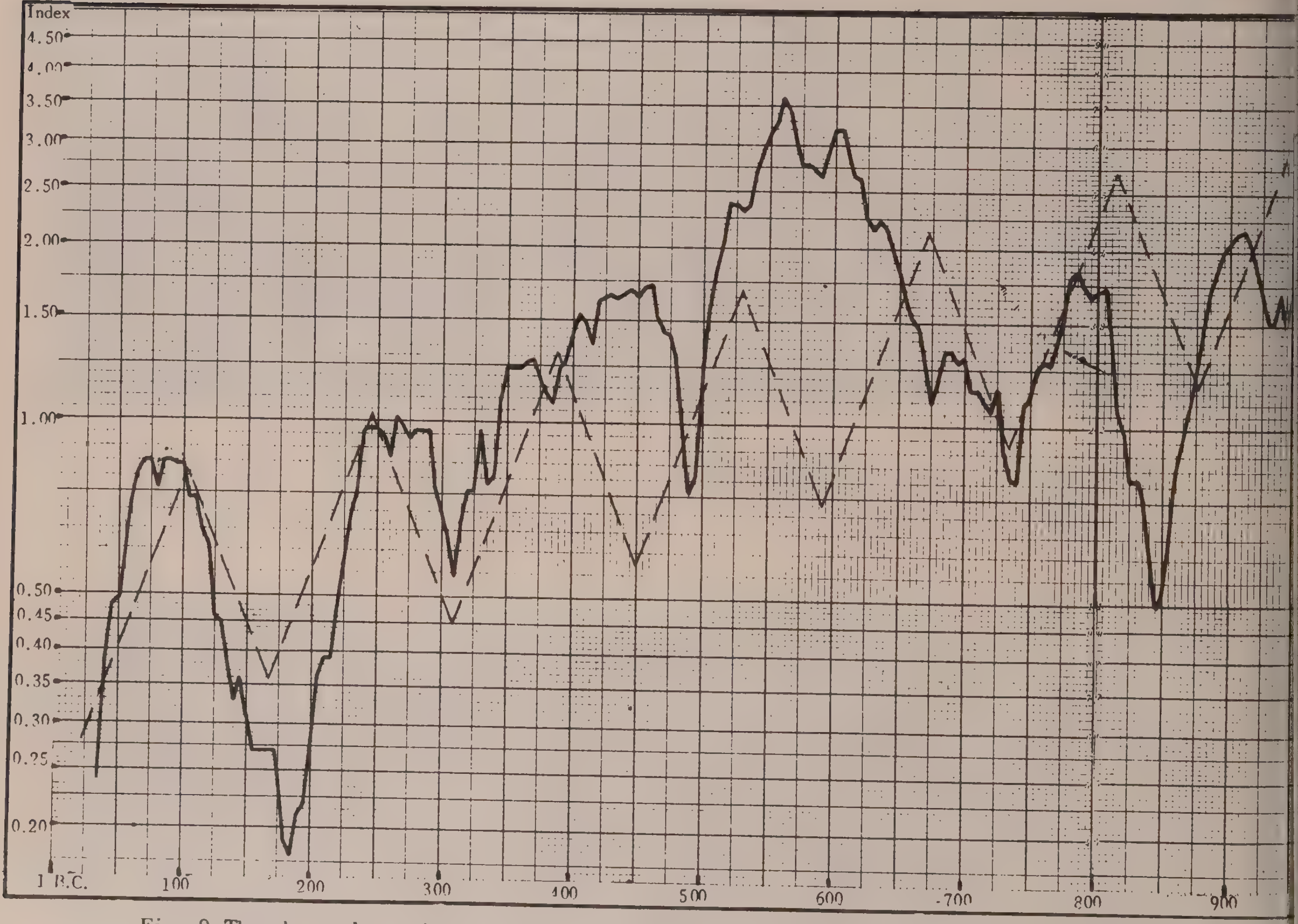
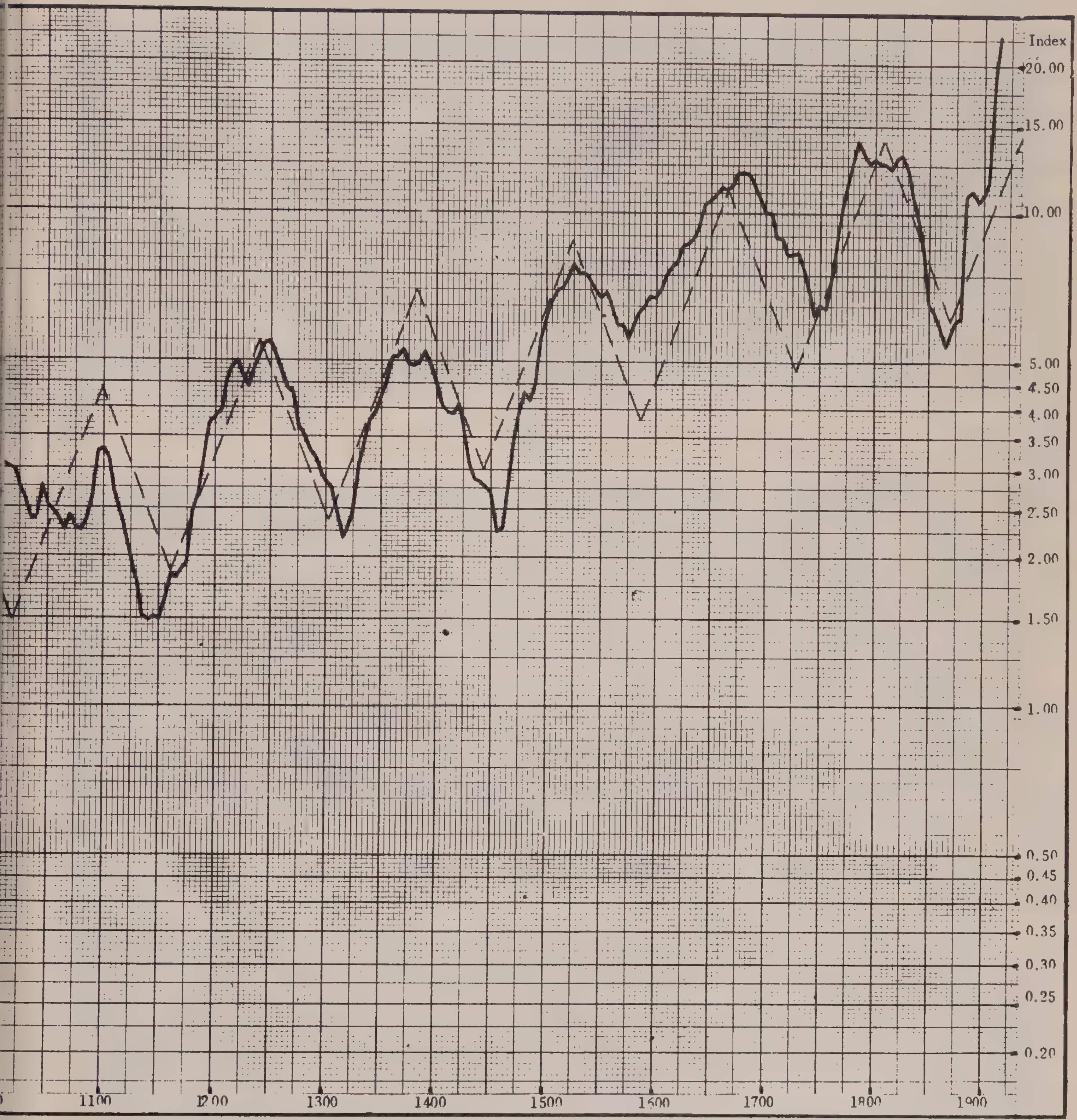


Fig. 9. The chart above shows the 67-year moving average of Professor Raymond H. Wheeler's index of international battles. The values for every fifth year are plotted. Note the continuous upward trend since 1 A.D. and the prevailing cycle of 142 years.


Index
20.00
15.00
10.00
5.00
4.50
4.00
3.50
3.00
2.50
2.00
1.50
1.00
0.50
0.45
0.40
0.35
0.30
0.25
0.20
1100
1200
1300
1400
1500
1600
1700
1800
1900

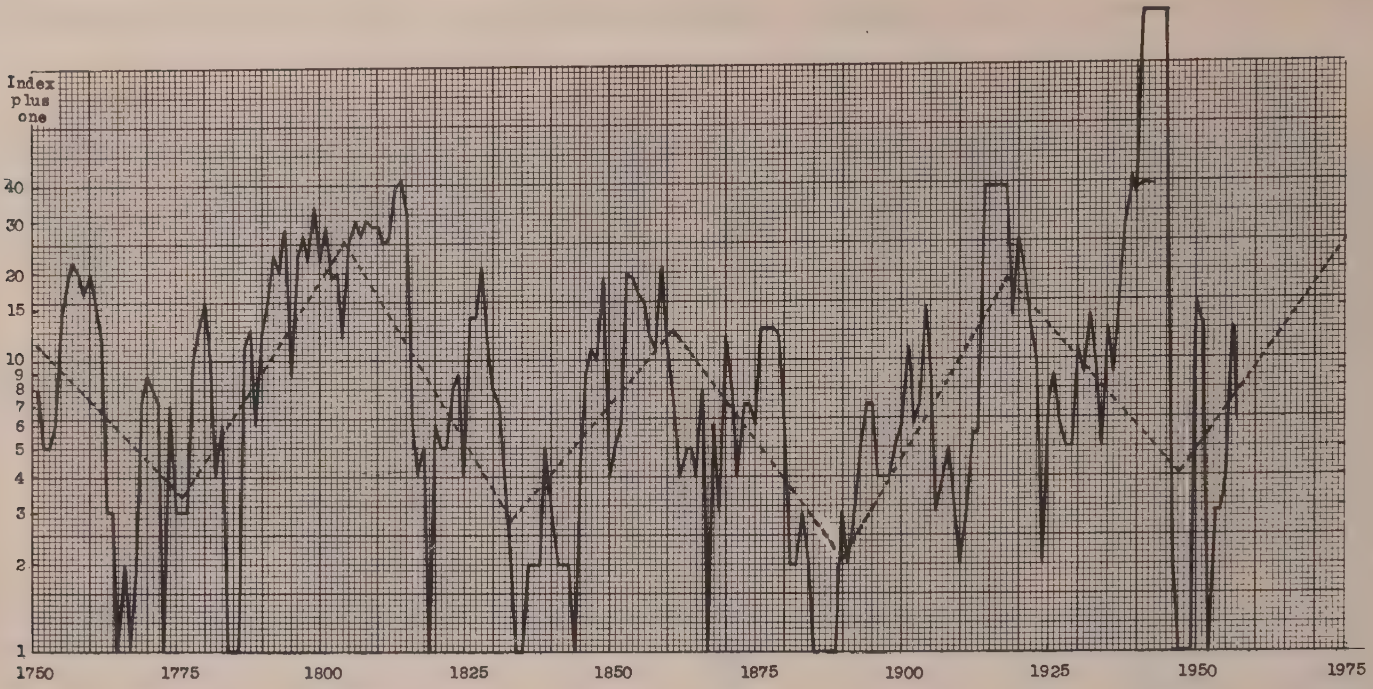


FIG. 6 THE INDEX OF INTERNATIONAL BATTLES OF THE WORLD, PLUS ONE, 1751–1957 TOGETHER WITH THE COMPOSITE OF THE 57-YEAR WAVE AND THE UNDERLYING TREND, AND PROJECTION.

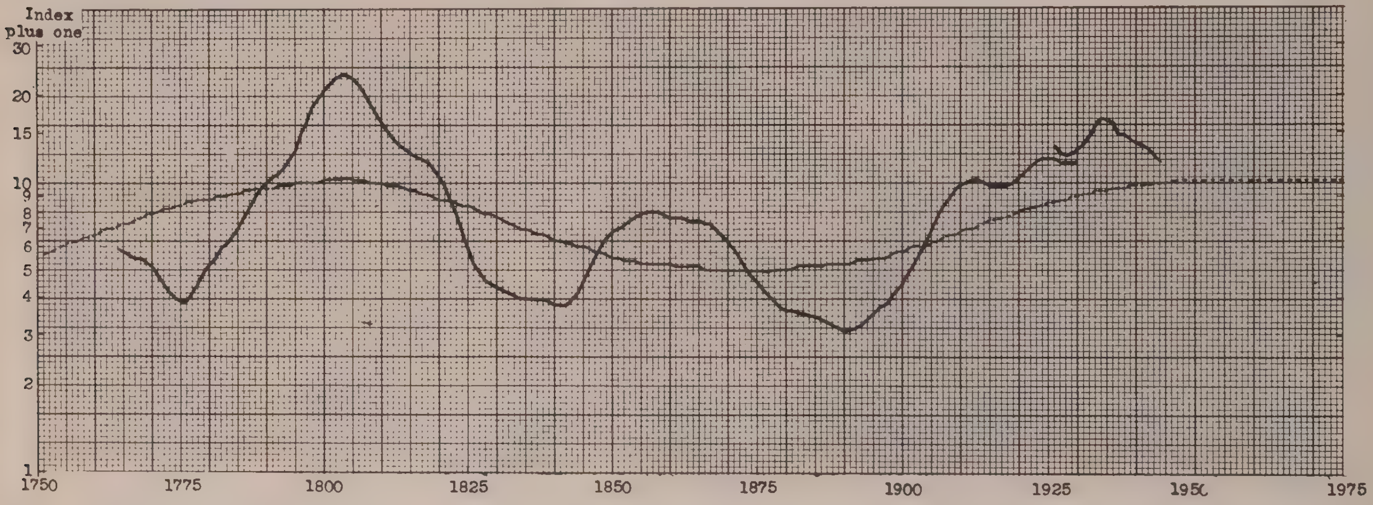


FIG. 7 THE NUMBER OF INTERNATIONAL BATTLES, PLUS ONE, 1751–1957 SMOOTHED BY 5-YEAR AND 23-YEAR MOVING AVERAGES, TOGETHER WITH THEIR UNDERLYING TREND. RATIO SCALE.

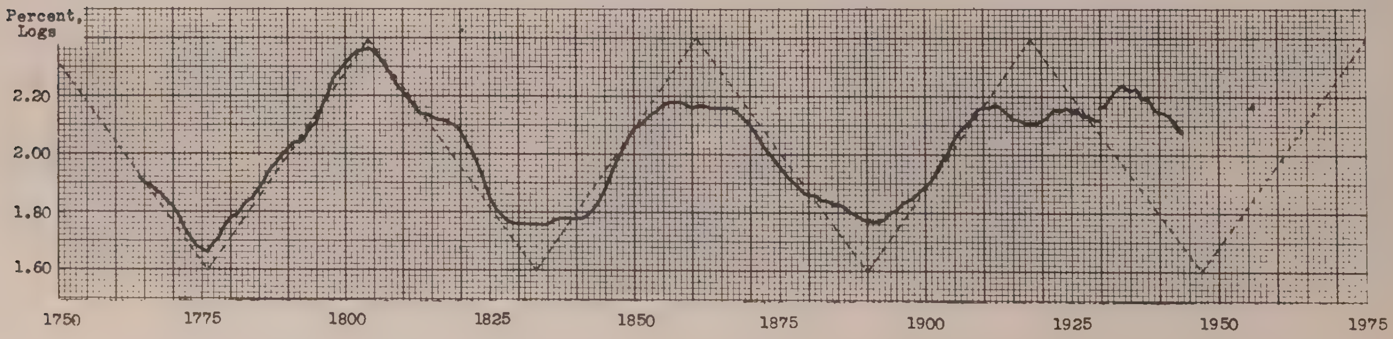


FIG. 8 THE NUMBER OF INTERNATIONAL BATTLES, PLUS ONE, 1751–1957, SMOOTHED AS IN FIG. 7 ABOVE, AND EXPRESSED AS PERCENTAGES OF THEIR UNDERLYING TREND. A PERFECTLY REGULAR 57-YEAR WAVE HAS BEEN ADDED BY MEANS OF A BROKEN LINE. RATIO SCALE.

cycle round-up

FEBRUARY 1958

THIS department will give you the latest available values of various series of figures. These are figures that I have studied for cycles and that I have told you about in previous reports. This department will show you the extent to which the cycles are or are not continuing to dominate.

Only a few of the hundreds of things I have discussed in our 80 previous reports can be brought up to date in any one issue. This issue brings up to date the following series of figures and cycles:

Stock prices (11 cycles)
Interest rates (1 cycle)
Cigarette consumption (1 cycle)
Sunspot numbers (1 cycle)
Failures (liabilities) (4 cycles
Copper prices (5 cycles)
Corn prices (5 cycles)
Wheat prices (1 cycle)
Res. bldg. const. (2 cycles)

Other series of figures will be substituted from time to time.

CONCEPTS AND TERMS

It may be helpful if I used the rest of this page to explain to you some concepts and terms.

CONCEPTS

The concept of cycles is very simple. When a series of figures increases and decreases at intervals that recur with reasonable regularity, you have what is known as a **rhythmic cycle**. When such a cycle continues for *enough* waves and/or with *enough* regularity, we have behavior that cannot reasonable be random. If the regularity isn't random, it is unwise to ignore the possibility that it may continue.

Of course, even if wheat prices, let us say, have gone up for two years and down for two years regularly for the past hundred years, we don't *know* that they are going to continue to do so for the four years next following; but the fellow who ignores the possibility would be foolish indeed.

TERMS

The terminology of cycle study is based on the fact that you usually *chart* the successive numerical values of the events you are studying. As a result of this fact we refer to an *increase* of value over a period of time as an **up**, a *decrease* of value over a period of time as a **down**.

Waves

An up and a down together constitute a **wave**, because the chart of such a movement looks like the cross sections of a wave of water. A wave is thus one complete oscillation from a bottom to a top to a bottom again; or, if you prefer, from a top to a bottom to a top.

The bottom of a wave is called a **low**, a **valley**, a **bottom**, or a **trough**; the top of a wave is called a **high**, a **peak**, a **top**, or a **crest**.

Waves have length, strength, shape, and timing.

The **length of a wave** can be measured from one bottom to the next, or one top to the next. In cycle study length is measured in *time*. For example a wave that goes up for two years and then down for two years is spoken of as a four year wave.

The **strength of a wave** is measured from its top *or* its bottom to a line more or less midway between the two called the **axis**. Strength is usually measured in percent. The strength of a wave is also called its **amplitude** or its **height**. Amplitudes can be *positive* from the axis to a top, or *negative* from the axis to a bottom. For example the strength or amplitude of some particular wave might be 10%. That is, the top might be 10% above the axis.

There are various wave **shapes**. One shape is *zigzag*.

The **timing of a wave** is the calendar time of a top or a bottom, as stated. For example, a wave might have a top in January 1957.

Cycles

A single wave is sometimes called a **cycle**, but the word cycle is more often used to refer to a sucession of waves, each of about the same length.

The **length of the cycle** is the average length of the waves which make it up. For example, a 12-month cycle is one made up of waves that *average* 12-months long, even though the individual waves might be a mixture of 10, 11, 12, 13, or 14 months waves.

Ideal Highs and Lows

The time of **ideal high** is the time when the high most usually comes. For example, *on the average* in New York City the weather gets hotter and hotter until July 23rd; then cooler and cooler. July 23rd would therefore be the time of *ideal* high. In any given year the **actual high** would of course probably come early or late.

Trend

Trend is the *underlying* tendency of a series of figures. It changes its direction *gradually*, in contrast to the actual figures which jump up and down. Trend is an imaginary line on the chart that goes more or less midway between the tops and the bottom of the waves.

E. R. D.

STOCK PRICES

AS you know, the synthesis of 11 stock market cycles is *downward* at the present time. It suggests that, if the cycles of the past dominate, the index for the year 1958 as a whole should, on the average, be less than the index for the year 1957 as a whole. Further decline is suggested for 1959, and for 1960.

The 11 Cycles

The 11 cycles used in the synthesis, with their lengths, strengths, and timings, are given in the table below:

LENGTH IN YEARS	STRENGTH (AVERAGE PERCENT ABOVE TREND AT IDEAL TIME OF HIGH)	TIMING (DATE OF THE CURRENT IDEAL HIGH)
4.89	3.5%	1954.41
5.50	7.0%	1958.00
5.91	6.4%	1958.69
6.86	8.3%	1957.40
8.17	4.7%	1954.16
9.18	17.1%	1955.66
11.0	3.8%	1952.50
12.8	10.9%	1953.90
14.5	12.25%	1957.50
22.0	21.6%	1952.60
27.0	14.3%	1956.50

These cycles were isolated from the Standard & Poor's Corporation Combined Index, 1871—1943 and, in some instances, 1871—1956.

This study does not attempt to pin-point either the levels or the time of the coming trough. If the low of the present wave should come in 1959, 1960, or 1961, I shall be very well satisfied indeed. It does however suggest that we are in a period where continued caution is in order.

Actual Prices

Actual value of the Standard & Poor's Corporation Combined Index (now 500 stocks, 1941-43= 10) for the year 1956 as a whole was 46.62. For 1957 as a whole it was 44.38p.

Recent values of the index are:

Month	Index
August, 1957	45.84
September	43.98
October	41.24
November	40.35
December	40.33
January, 1958	41.01 est.

Similar figures for the Dow Jones and Company, Inc. Industrial averages (30 stocks) are:

Month	Average
July 1957	514.64
August	487.97
September	471.79
October	443.38
November	436.73
December	436.94
January, 1958	445.13 est.

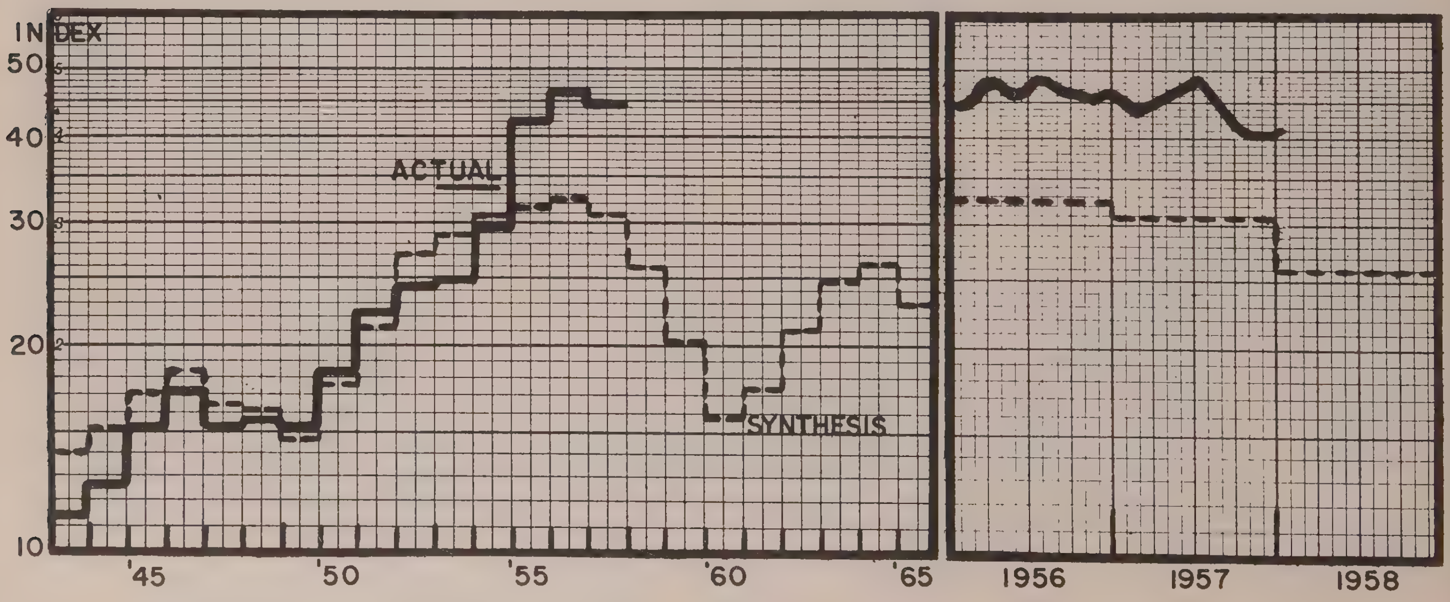
The Dow-Jones Industrial average for the year 1956 was 493.01; for the year 1957 was 475.71, down by 3.5%.

Note that the Standard and Poor's Index is for *Combined* stocks. The Dow-Jones Averages given above are for *Industrial* stocks.

References

For further details regarding studies of cycles in stock prices, refer to 'Trend and Cycles in Stock Prices' *Cycles*, January 1957, pp. 5-12; 'The 5.91 or 5.92-Year Cycle in Stock Prices,' *Cycles*, April 1957, pp. 93-98; 'The Combination of 11 Stock Market Cycles & Trends,' *Cycles*, July 1957, p. 176.

E. R. D.



RESIDENTIAL BUILDING CONSTRUCTION

CONTRACTS awarded for building construction in 48 states are dominated by a seasonal pattern, by a 32.3-month cycle, and by an underlying trend.

The Cycle and the Trend

The 32.3-month cycle crests ideally in March 1958.

The latest available figures suggest that the underlying trend for March 1958 will be $1,020,000. *Estimates of trend should be revised at frequent intervals.*

The Calendar Year 1958

Based on this assumption the projected value of residential contracts for calendar year 1958 is $12,725,000,000. If realized, this value will be off 4% from the estimate for calendar year 1957, $13,301,000,000. This runs counter to many expectations.

Year Centering on March 1958

Odds are 8 to 1 that the year centering on March 1958 will exceed $12,240,000,000, if my estimate of the underlying trend is correct.

The array of possibilities, for the year centering on March 1958, (mid-Sept. 1957, to mid Sept. 1958) based on behavior at various past cycle crests, and my estimate of underlying trend, is as follows:

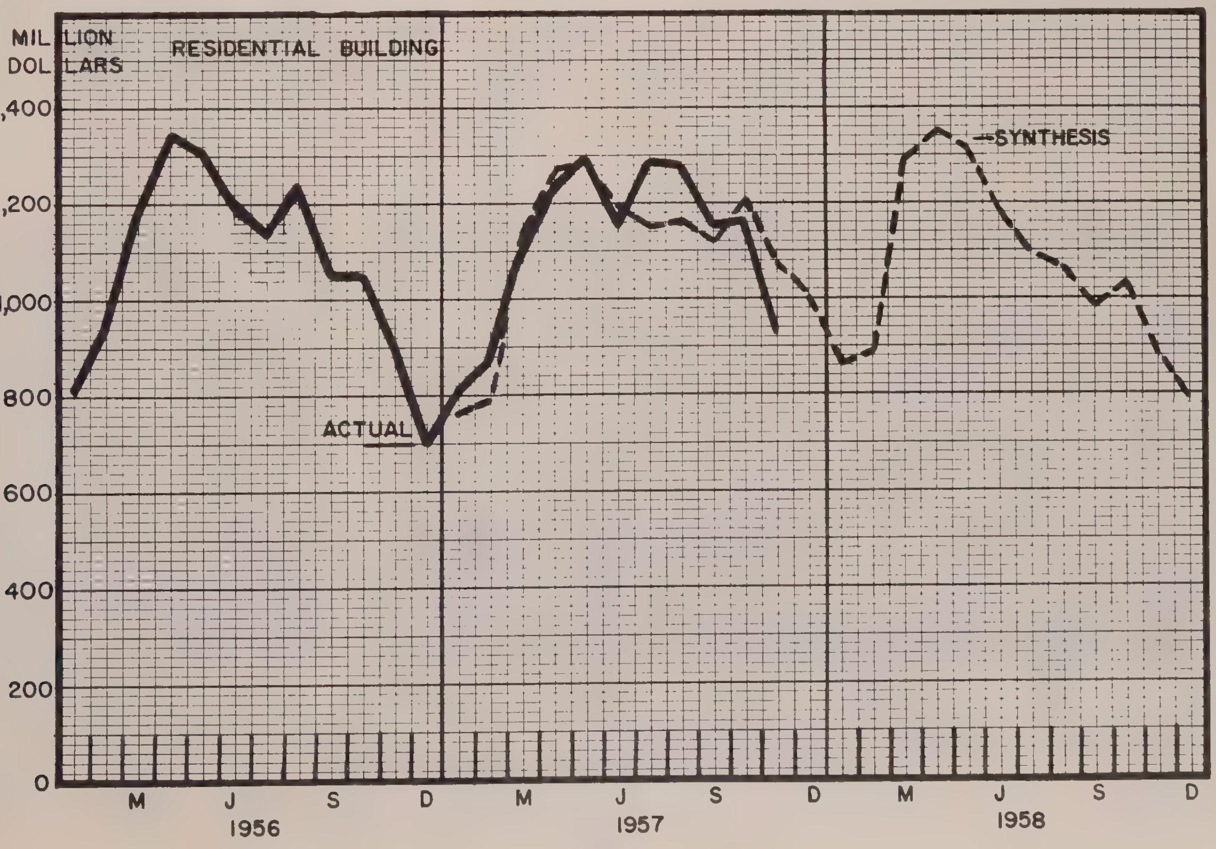
Rank	%	Projected Values (in Billions)
Greatest	17.0	$14,321
2nd	16.2	14,223
3rd	13.5	13,892
4th	13.3	13,868
5th	13.2	13,856
6th	5.0	12,852
7th	3.0	12,607
8th	2.6	12,558
Least	-1.3	12,081

The most probable value for the year centering on March 1958 (based on the average of past percentages), is $13,359,000,000. The odds are 5 to 4 that the value for this year centering on March 1958 will lie between $12,607,000,000 and $13,892,000, if my current estimate of the underlying trend is correct.

References

For further details in regard to this cycle in residential building construction, see 'What's Ahead for Residential Building Construction?' in *Cycles* for November 1957, pp. 283-294, and 'December Cycle Round-Up' in *Cycles* for December 1957, pp. 326-27. See also 'The 33-Month Cycle in Residential Building Construction' in *Cycles* for August 1956, p. 228.

E. R. D.



INTEREST RATES

THERE are many cycles in interest rates but so far I have had time to report to you only upon the main one which is about 54 years long, crest to crest.

This cycle, first reported upon by N. D. Kondratieff in 1926, has continued to manifest itself for the 32 years since discovery.

The 54-Year Cycle Now Going Up

The 54-year cycle in interest rates is *upward* at the present time. It suggests that, if this cycle continues to dominate, interest rates should work themselves gradually and irregularly upward until about 1978.

This cycle seems equally applicable to Great Britain and to the United States. Within the United States it seems equally applicable to the various groups (rails, utilities, industrials) and to the various ratings (Aaa, Aa, A, Baa.), insofar as present studies indicate.

Actual Yields

Yields of bonds (Moody's), by groups, for each of the past 22 years are given in the table below:

YEAR	INDUSTRIALS	PUBLIC UTILITIES	RAILROADS
1936	3.50%	3.88%	4.24%
1937	3.55	3.93	4.34
1938	3.50	3.87	5.21
1939	3.30	3.48	4.53
1940	3.10	3.25	4.30
1941	2.95	3.11	3.95
1942	2.96	3.11	3.96
1943	2.85	2.99	3.64
1944	2.80	2.97	3.39
1945	2.68	2.89	3.06
1946	2.60	2.71	2.91
1947	2.67	2.78	3.11
1948	2.87	3.03	3.34
1949	2.74	2.90	3.24
1950	2.67	2.82	3.10
1951	2.89	3.09	3.26
1952	3.00	3.20	3.36
1953	3.30	3.45	3.55
1954	3.09	3.15	3.25
1955	3.19	3.22	3.34
1956	3.50	3.54	3.65
1957	4.12	4.18	4.32

Yields of each group of bonds for the past several months are given below:

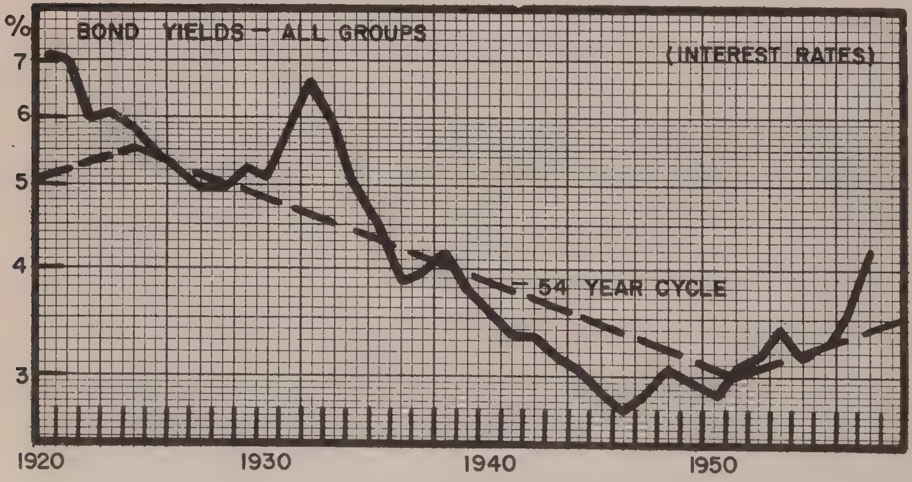
MONTH	INDUSTRIALS	UTILITIES	RAILROADS
JUNE, 1957	4.14%	4.06%	4.26
JULY	4.19	4.19	4.39
AUG.	4.29	4.33	4.49
SEPT.	4.31	4.45	4.56
OCT.	4.32	4.48	4.57
NOV.	4.34	4.49	4.65
DEC.	4.11	4.34	4.53

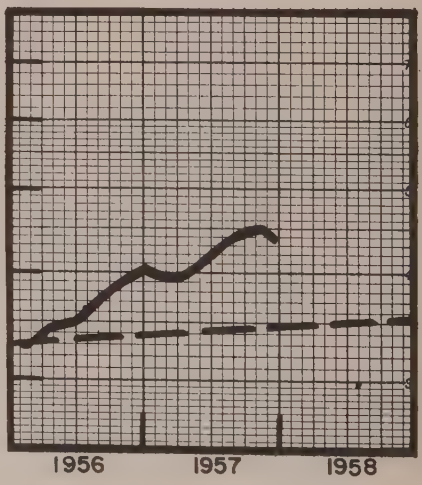
Comment

When this cycle turned up in 1899, most prominent financiers were taken by surprise, but of course at that time no one had told them of this cycle. Regarding the recent turn, they were put on notice 20 years in advance.

References

For further details regarding the 54-year cycle in interests rates, refer to my article, 'What's Ahead for Interest Rates?' in *Cycles* for October 1957, pp. 253-256. *E. R. D.*





FAILURES

COMBINATION of 5 cycles and estimated trend in the liabilities of commercial and industrial failures is upward at the present time. It suggests that failures should be slightly more in 1957 than in 1956 and considerably more in 1958 than in 1957.

Failures An Index

In one way failures are an index of business health. Small failures, business pretty good; large failures, business pretty bad. However the correspondence is not perfect.

Actual monthly average values of the liabilities of commercial and industrial failures for 1956 were $46,891,000.

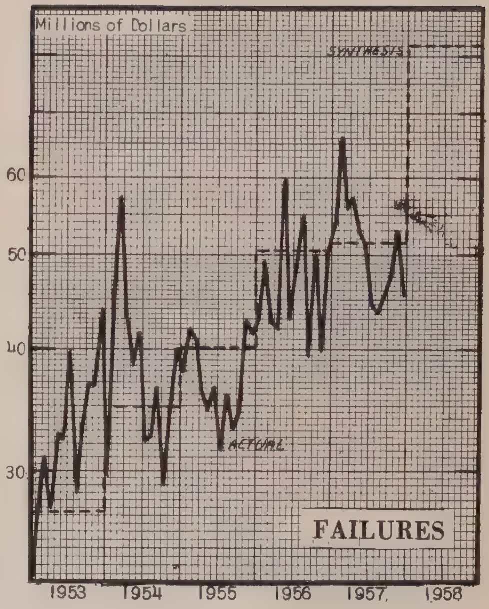
Recent values are:

Month	Liabilities
June, 1957	$51,454,000
July	44,299,000
August	43,514,000
September	45,420,000
October	47,428,000
November	52,899,000
December	45,325,000

Reference

For further details regarding the study of cycles in failures refer to 'Trend and Cycles of Business Failures,' *Cycles*, May 1957, pp. 121-139.

E. R. D.



SUNSPOT NUMBERS

MANY of our members have asked me to publish sunspot numbers. This cycle roundup section is a good place in which to do so.

The sunspot cycle is a little over 11 years long. Curiously enough, there is also, as you know, an 11-year cycle in business.

A chart of sunspot numbers, by years and by months, is given below. October 1957 was an all-time high.

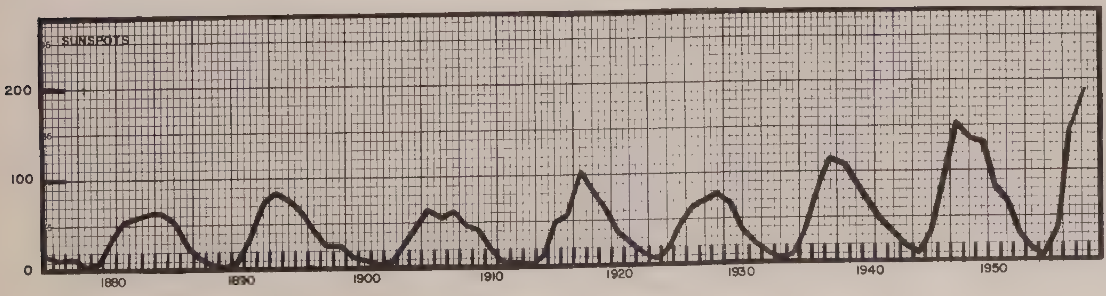
The relative sunspot numbers themselves, by year, 1930-1956 are as follows:

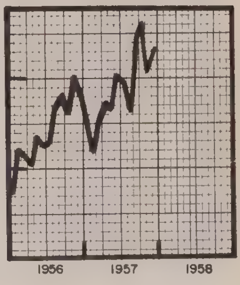
Year	No.	Year	No.
1930	35.7	1945	33.2
1	21.2	6	92.6
2	11.1	7	151.6
3	5.7	8	136.2
4	8.7	9	134.7
5	36.1	1950	83.3
6	80.4	1	68.9
7	114.4	2	31.1
8	109.6	3	13.3
9	88.8	4	4.2
1940	67.8	5	37.9
1	47.5	6	142.3
2	30.6	7	189.7
3	16.3	8	
4	9.6	9	

Relative sunspot numbers by month for 1957 as far as they are available, are as follows:

Month. 1957	Number
Jan.	152
Feb.	117
Mar.	157
Apr.	175
May	165
June	205
July	194
Aug.	163
Sept.	244
Oct.	263
Nov.	207
Dec.	234

E. R. D.





CORN PRICES

THE 67 1/3-month cycle in corn prices is in an *upward* phase at the present time. It will continue to be so until April 1958. Thereafter it will be in a *downward* phase until February 1961.

Discovered in 1875

This cycle was discovered in 1875 and has continued to manifest itself from then until now. There is no question in my mind but that this cycle is significant.

Prevailed 4 to 1

This cycle in corn prices has prevailed 16 times out of 20 (odds of 4 to 1) since 1899, which is as far back as the monthly figures have been studied.

Strength

In the past, at month of ideal high, corn prices have ranged from 11% below trend to 46% above trend. The various months of ideal high and the percentages by which corn prices were above or below trend at these months are shown in the following table.

Month of Ideal High	Percentages Above or Below Trend at Ideal Times of High
Aug. 1924	46
Mar. 1902	30
Apr. 1930	23
Oct. 1907	16
Jan. 1919	14
Sept. 1952	9
June 1941	3
June 1913	-6
Feb. 1947	-7
Nov. 1935	-11

As you can see, the most typical (the middle) value is 11.5% above trend. The mean is 11.7% above trend. Ideal highs are 26½% above ideal lows.

Actual Highs

Actual highs of course rarely come at ideal timing. In the majority of instances however they have come within 11 months one way or the other of ideal timing.

Trend

If we adjust for this cycle we can get some idea of the underlying trend. The underlying trend is the axis around which the cycle oscillates.

The underlying trend is *downward* at the present time. In fact it is so steeply downward that it will be hard for the cycle to prevail in the present instance.

Current Prices

Recent values of No. 3 yellow corn at Chicago are:

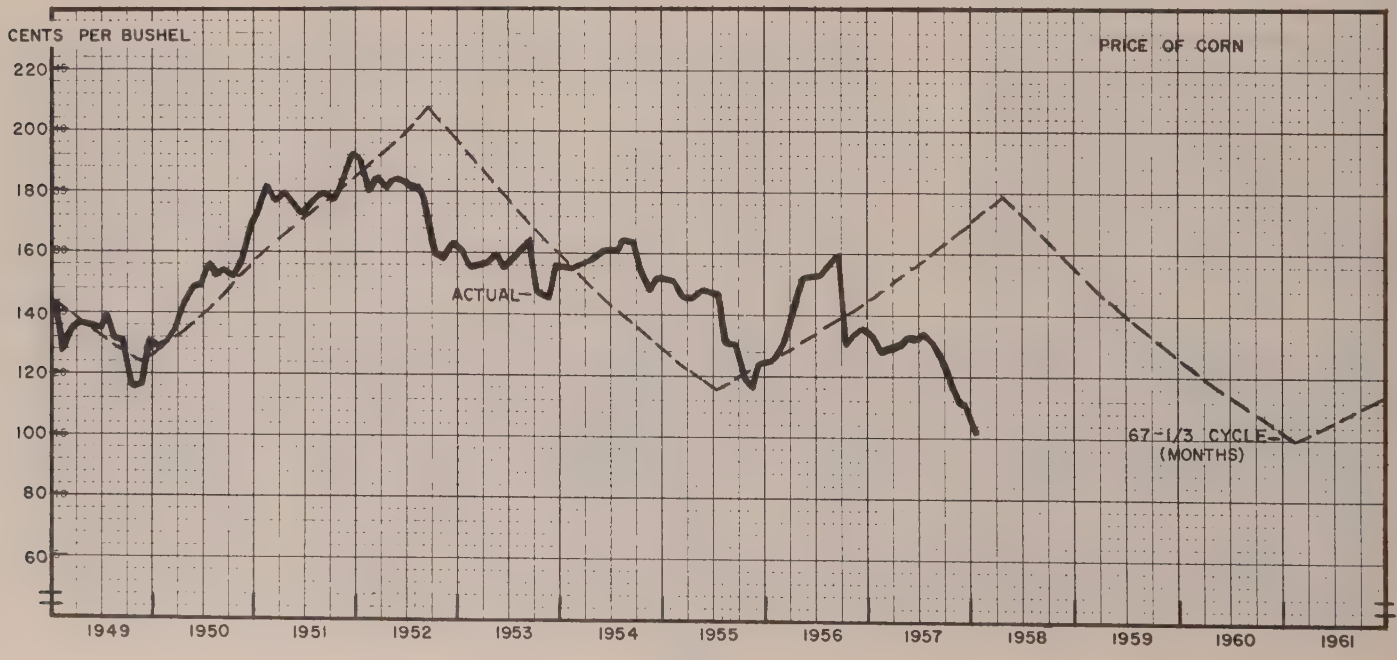
Month	Dollars
July 1957	$1.337
Aug.	1.312
Sept.	1.262
Oct.	1.189
Nov.	1.157
Dec.	1.148
Jan., 1958	1.104 est.

Comment

It is clear that the upturn of prices called for by this cycle has not yet shown itself. This fact suggests either (1) that this time the actual high will be late, or (2) that the underlying situation is so weak that the cycle has been offset.

For a full account of this cycle see 'What's Ahead for Corn Prices?' *Cycles*, June, 1957, pp. 149-158.

E. R. D.



COPPER PRICES

SIX cycles have been isolated in copper prices, 1784--1953. Five of these cycles have been projected into the future and combined. The combination is *upward* to a peak in the second quarter of 1958, then *downward* through 1958, 1959, and into 1960.

The Six Cycles

The length, strength and timing of each of the six cycles are as follows:

Length	Strength (Average Percent-Age Above Trend At Times Of Ideal High)	Timing (Date of Current Ideal High.)
32.36 mo.	2.33%	1958.4
8.6 yr.	11.9	1950.8
9.28 yr.	14.3	1956.0
12.53 yr.	8.4	1953.03
14.8 yr.	5.7	1960.7
54.0	39.	1971.75

Only the first five cycles have so far been used in the synthesis. The 54-year cycle will be added at a later date.

Timing Pretty Good; Strength Pretty Bad.

As you can see by reference to the chart, the *timing* of the fluctuations of copper prices has corresponded quite well to the timing of the synthesis, but the *amplitude* of the fluctuations has greatly exceeded the *amplitude* of the synthesis. It is possible that techniques now under investigation will enable us to get a more realistic measure of amplitudes in future studies.

I have a hunch that the reason that the cycle projection is too weak is because we considered the cycle to be of absolutely uniform length over the entire span of 170 years. The proposed techniques will allow the cycle to vary a little in length. This procedure will allow the average strength (amplitude) to be greater.

This particular study was completed in the first quarter of 1954. The projection shown has not been changed since that time.

Recent values for electrolytic copper bars, New York are, shown in the table in the next column.

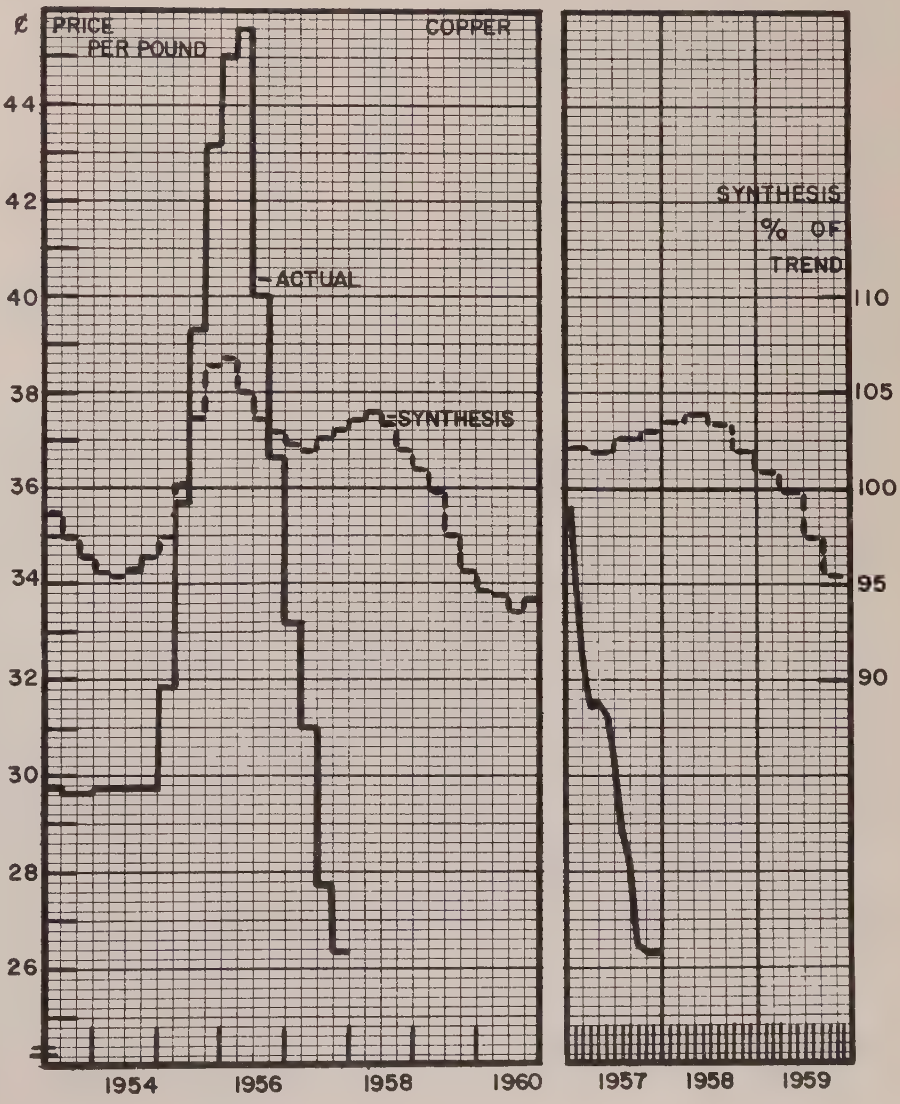
Copper Prices

Month	Cents per pound
August, 1957	28.10
September	26.44
October	26.34
November	26.34
December	26.32

References

For further details in regard to this study refer to 'A Projection of Five Cycles in Copper Prices,' *Cycles*, August 1957, pp. 214-215.

E. R. D.



CIGARETTE CONSUMPTION

CIGARETTE production in the United States has been characterized by an 8-year cycle for as far back as there are figures. The time of the last trough of this cycle was mid-1956; the next ideal crest is due at mid-1960.

The 8-year cycle in cigarette production has a typical strength of 6.1% above trend at time of ideal crest, 6.1% below trend at time of ideal trough. As you can see, it is not very strong but it has been quite dependable.

Cigarette *production* figures are not available except on an annual basis, but cigarette *consumption* and *export* figures are available currently. As, over a period of time, consumption and exports are substantially the same as production, we may assume that consumption and export figures have an 8-year cycle also. These figures, and a diagram of the 8-year cycle in production, combined with long-term trend, are charted below.

Cigarette consumption, 1929 to date is given in the table below:

Year	Consumption	Exports	Total Consumption and Exports
1929	122.2	8.5	131
1930	123.1	4.9	128
1931	117.6	3.0	121
1932	106.1	2.4	108
1933	115.0	2.5	118
1934	130.3	3.3	134
1935	139.7	3.9	144
1936	159.0	4.6	164
1937	170.3	5.7	176
1938	171.6	6.4	178
1939	180.9	6.8	188
1940	189.3	6.6	196
1941	217.7	7.6	225
1942	257.4	2.9	260
1943	296.3	4.2	301
1944	323.6	7.6	331
1945	332.2	6.9	339
1946	352.4	24.1	377
1947	369.7	22.8	392
1948	387.2	25.2	412
1949	385.0	19.5	405
1950	392.0	14.2	406
1951	418.6	16.8	435
1952	434.1	16.4	450
1953	423.8	16.2	440
1954	401.8	15.4	417
1955	412.3	15.1	427
1956	422.6	15.7	438
1957			470E

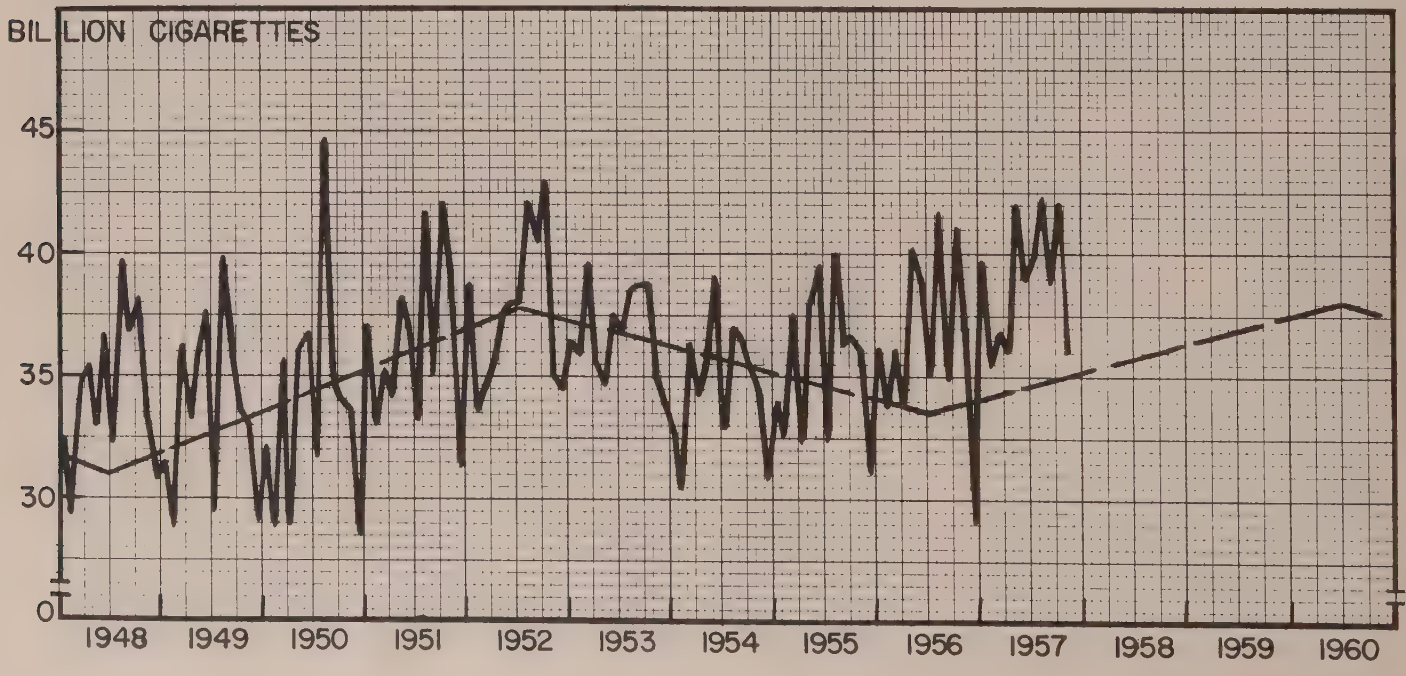
Recent cigarette consumption by months is shown in the table in the next column:

Month	Consumption	Exports	Total Consumption and Exports
May 1957	40.6	1.2	42
June	37.5	1.5	39
July	38.2	1.6	40
Aug.	40.8	1.5	42
Sept.	37.5	1.4	39
Oct.	42.1	1.2	42
Nov.	34.1	1.6	36
Dec.	Not yet available		

For complete details in regard to cycles and trend in cigarette production see my articles: 'Cycles in Cigarette Production, the 8-Year Rhythm, 1880--1948,' in *Cycles* for October 1950, pages 18-22; 'The 8-Year Cycle in Cigarette Production,' in *Cycles* for November 1952, page 330; 'The 8-Year Cycle in Cigarette Production,' in *Cycles* for August-September 1954, pages 256-259; and 'The 8-Year Cycle in Cigarette Production, 1880—1955,' in *Cycles* for October 1956, pages 275-277.

For a discussion of the 8-year cycle *per se* see my article, 'The 8-Year Cycle' in *Cycles* for October 1956, pages 271-274.

E. R. D.



WHEAT PRICES

WHEAT prices act as if they were influenced by a number of cyclic forces. The most important of these, and the best substantiated, is one about 9.3 years long. This cycle is *downward* at the present time. It is due *ideally*, to be at the very bottom of the cycle in February 1960, but of course the *actual* bottom of the cycle is almost certain to come before or after this date.

In the past, prices at time of ideal low have, 7 times out of 8, been lower than prices at the preceding time of ideal high. Assuming the significance and continuation of this cycle in these figures this means that barring war, the odds are 7 to 2 that the price at the next time of ideal low, February 1960, will be lower than the price at the last time of ideal high, June-July 1955. As the price then was $2.68, the odds are, as stated above, that the February 1960 price will be down.

Previous gains, on the short side, from February 1867 to date, from time of ideal high to time of ideal low, ranked in order of size, are as follows:

135.7%
79.6
78.3
23.3
20.4
12.4
12.0
-24.8
-27.6

Applying these percentages to the price of June-July 1955 we get the following array of possibilities for February 1960:

1.14
1.49
1.50
2.17
2.22 Median
2.38
2.39
3.34
3.41

The median is the middle value.

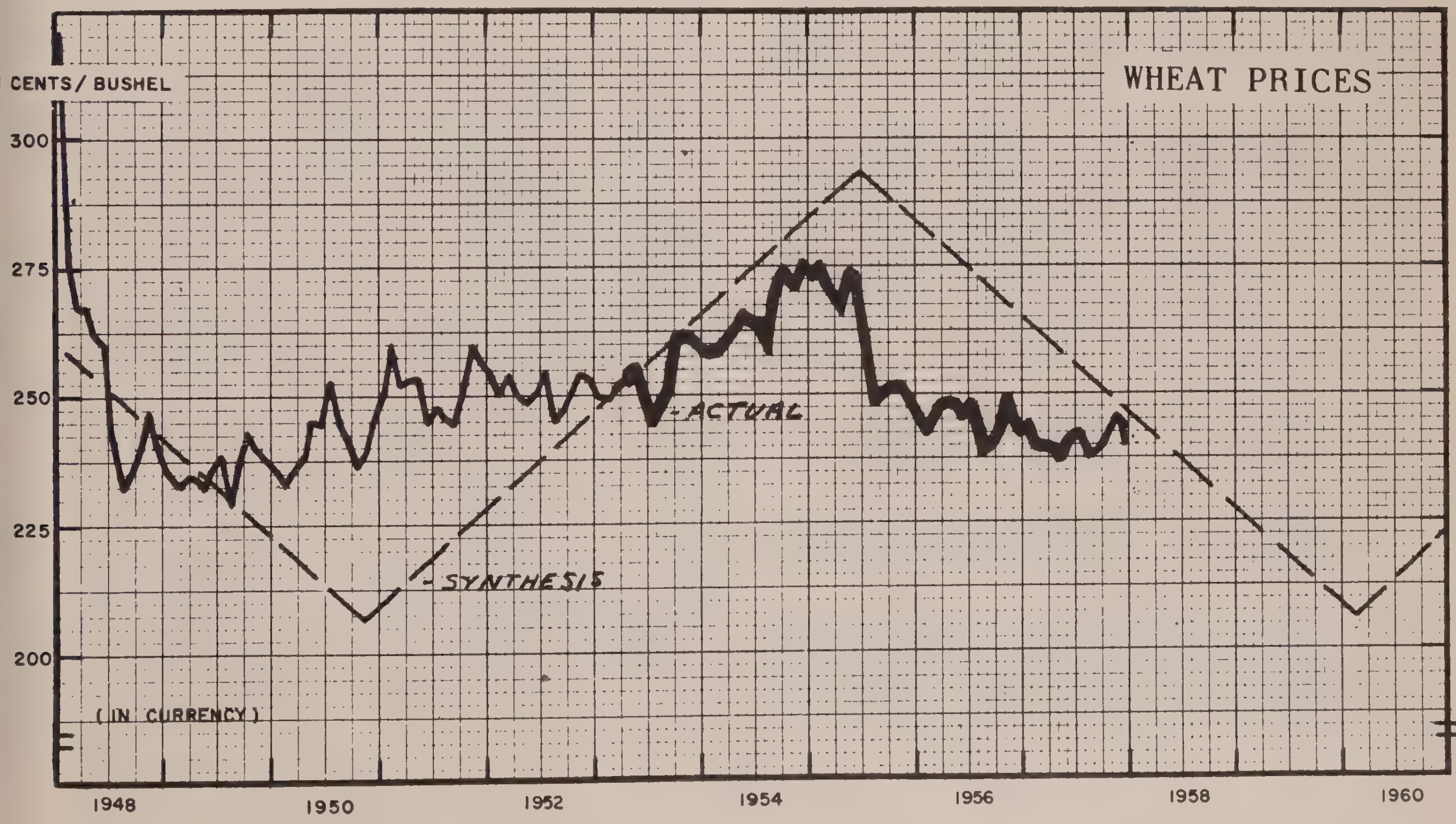
Recent prices of No. 1 Dark Northern Spring wheat at Minneapolis are:

Month	Price Dollars/bu.
June, 1957	$2.416
July	2.435
August	2.361
September	2.382
October	2.428
November	2.439
December	2.396
January, 1958	

I know that traders are interested in *futures* prices in Chicago, not cash prices in *Minneapolis*. Futures prices can not be used for cycle study as they do not provide a continuous series of figures, but I'll try to get cash Chicago prices for you in an early issue.

For further details concerning this cycle see 'What's Ahead for Wheat Prices,' *Cycles*, September 1957, pp. 229-235.

E. R. D.



foundation affairs

THE NEW YORK CHAPTER

Those of us who attended the Foundation meeting in New York City last Fall will recall that E. R. Dewey, Director, invited those interested in forming a New York Chapter to leave their names and addresses. About thirty-five of us did so. I volunteered my efforts to get the New York Chapter started. In December, I wrote those concerned along the following lines:

"At the recent meeting of the Foundation for the Study of Cycles, you expressed interest in the possible formation of a New York Chapter. I have volunteered (with Mr. Dewey's blessing) to help get such a Chapter underway. Won't you do me the honor of agreeing to be a Founding Member? Also, to help in planning our first meeting, won't you fill out the enclosed Questionnaire and return it to me?"

The Questionnaire asked for the following data:

1) Name, address, etc.

2) Particular field of interest in cycles (stock market, weather, commodity prices, general, etc.)

3) Suggestions as to meetings (how often, what day of week, time of day, cost).

4) Willingness to accept an assignment in the Chapter (as an Officer, Committee Chairman, or Committee Member).

5) Suggestions as to appropriate Chapter activities.

The conclusions I have now reached, after a careful study of the Questionnaires, are as follows: The concensus of opinion is that the New York Chapter should meet once each month, for dinner, preferably on a mid-week evening, total cost to be about five dollars. The favorite subject: Cycles in the stock market.

Some of the suggested purposes of the New York Chapter are:

1) To provide a common meeting-place and forum for Foundation members who live in or near New York City.

2) To arrange for qualified speakers to address Chapter meetings on various aspects of cycles.

3) To increase interest in Foundation Membership by inviting the public to attend lectures featuring outstanding speakers on various aspects of cycles.

4) To attempt to find some local means of providing a measure of financial support for the Foundation.

5) To assist in answering the queries of those who have purchased the text of the now discontinued correspondence course in Cycle Analysis.

6) To record and distribute to the Chapter Membership summary reports of Chapter meetings, so that those who cannot attend all meetings may profit from reading such reports.

7) To find out the specific interest of each Chapter member and to encourage the formation of small "round-table workshops" by those having similar cycle interests.

8) To discuss key articles in CYCLES magazine and to prepare summaries of such discussions (for possible publication in later issues of CYCLES.)

9) To encourage the formation of groups within the Chapter for carrying on cooperative research on specific cycle projects.

The New York Chapter invites all Foundation members in or near New York City to join its activities. For a registration form write Jack A. Dorland, 74 Trinity Place, New York 6, New York.

J. A. D.

FLASH: Since writing the above, definite plans for the first meeting of the New York Chapter have been completed. It will be a dinner meeting (broiled chicken!) and will be held (will have been held, by the time you read this) on Wednesday, January 29, beginning at 6:P.M. in a private dining room of the Hotel Alden, 225 Central Park West (at 82nd St.), New York City. About thirty Founding Members are expected to attend. The tariff: $5.00 per person. Items on the agenda include: Resolution to found a New York Chapter; summary report on Questionnaires; election of officers; appointment of committee chairmen; discussion of possible aims and purposes of New York Chapter; arrangements for next meeting. The next issue of CYCLES will include a complete report of the Founding Meeting of the New York Chapter.

J. A. D.

geisinger indicator

BACKGROUND

THE Modified Geisinger Indicator is a series of numbers which, in the past, have gone up and down ahead of corresponding movements of the Federal Reserve Board Index of Industrial Production. The Modified Geisinger Indicator thus throws some light on the probabilities of the future.

The F. R. B. Index of Industrial Production measures physical production in the U. S. A. It is a weighted average of tons, yards, gallons, and numbers of things produced each month.

The Modified Geisinger Indicator is the sum of two Indicators, the Geisinger Indicator and a First Difference Indicator.

The Geisinger Indicator was invented by Robert Geisinger. It is derived from figures which are published each month in the *Survey of Current Business*. It is charted for you as Curve A on pages 74 and 75.

Curve B on these same two pages charts the First Difference Indicator, which is merely the amount by which the smoothed F. R. B. Index is above or below the value for the preceding month. The smoothing is effected by means of a centered 3-month moving average posted to the second position.

Curve C charts the sum of the values of Curve A and B. This curve is called the Modified Geisinger Indicator. It suggests in a general way that the F. R. B. Index may do some eight months later.

Curve D charts the values of the F. R. B. Index of Industrial Production.

Curve E re-charts Curve C, advancing it by 8 months. This advance is for two reasons (1) so that you can more easily compare the past behavior of the Modified Geisinger Indicator with the behavior of the F. R. B. Index, and (2) so that you can have a better idea of what the F. R. B. Index may do in the future.

FORECAST

INDUSTRIAL production, seasonally adjusted, fell to 136 in December, tying the steel strike figure of July 1956 and being lower than any figure since April 1955. Remember, however, that the December value is still more than a third bigger than the average for 1947-49.

The *rate* at which industrial production is declining is, except for November and December of 1953, the most rapid of any time since the end of World War II. This fact is shown by the value of the 1st Difference Indicator (minus 2.3 for November). Based on past experience, a rate of decline as great as this is not likely to continue very long. It will be a good sign when this rate of decline slackness and the 1st Difference Indicator turns up.

The Geisinger Indicator for September 1957 (May 1958 when projected) is down to -1.4. Unless published figures are revised, the value for October 1957 (June 1958 when projected) will lie between +0.4 and -3.4. The value for November 1957 (July 1958 when projected) will lie between +0.4 and -4.2.

As you can see by inspection of the chart printed overleaf, in the past, when the Geisinger Indicator has dropped below minus 2.5, it has been a danger signal. (Sept. 1948; Aug. 1951; May 1953; (the steel strike low of 1956 should be ignored.)

A value below minus 2.5 developed in January and March of 1957. This danger signal has not yet been reversed (by a plus 2.5). In fact, it looks as if the minus 2.5 signal might soon be repeated.

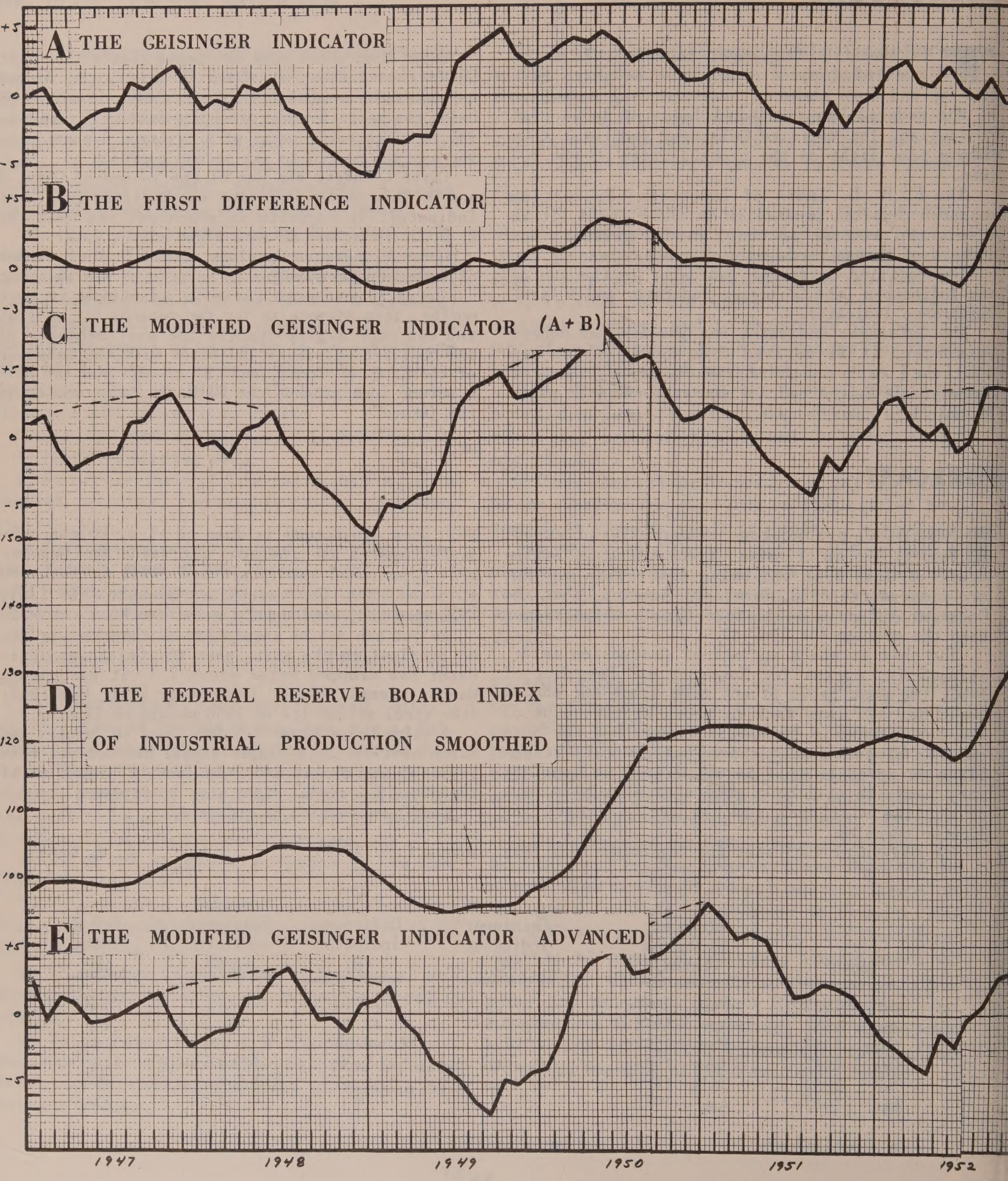
Continued caution is indicated.

January 29, 1958 *E. R. Dewey*

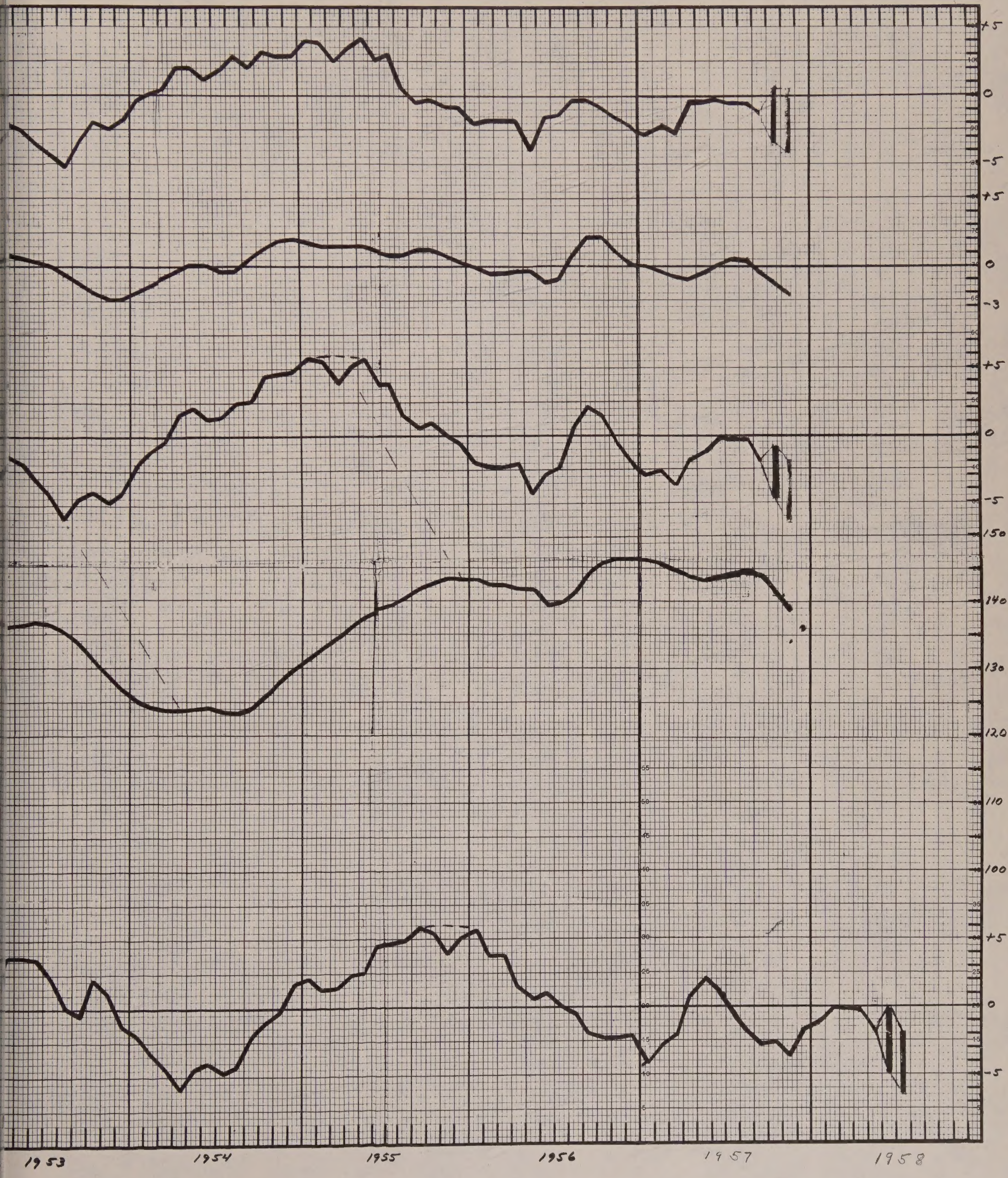
Month	Advanced (8 Months Later)	Geisinger Indicator (A)	1st Difference Indicator (B)	Modified Geisinger Indicator (A+B)	F.R.B. Index (D)
July 1957	Mar. 1958	-0.6	+0.30	-0.1	144
Aug. 1957	Apr. 1958	-0.6	+0.33	-0.16	145
Sept. 1957	May 1958	-1.4	-0.50	-1.9	144
Oct. 1957	June 1958	(+0.4 to -3.4)	-1.33	(-0.9 to -4.7)	141
Nov. 1957	July 1958	(+0.4 to -4.2)	-2.33	(-1.9 to -6.5)	139
Dec. 1957	Aug. 1958	*	*	*	136p

p - preliminary * - not yet available

THE MODIFIED GEISINGER INDICATOR



OF INDUSTRIAL PRODUCTION



Turn to page 73 for the forecast.

Mr. H. A. Musham
741 No. Rush St.
Chicago, Ill.